

# VISION, MISSION AND VALUES

## Vision

A transformed Tlokwe City Council striving for economic, social and human development through good governance.

## Mission

Our mission will be guided by the Municipal Systems Act, namely:

- *To exercise our powers and utilize our resources in the best interest of our community.*
- *To provide, without favour or prejudice, democratic and accountable governance.*
- *To encourage the participation of our community via Ward Committees, suggestion boxes, consultative forums, public meetings, interviews with political and administrative leadership.*
- *To ensure that our services are provided to our community in an equitable, financially and environmentally sustainable manner.*
- *Promote economic growth and development in our area.*
- *Promote gender equality.*
- *Promote a safe and healthy environment.*
- *Contribute to the progressive realization of the fundamental rights contained in the Constitution and promote BATHO PELE PRINCIPLES.*

## Values

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery.

We therefore value:

- *Work pride*
- *Service excellence*
- *Integrity*
- *Loyalty*
- *Accountability*
- *Professionalism*

## AWARDS

### KEY AWARDS WON FOR THE 2009/2010 FINANCIAL YEAR

The Tlokwe City Council and its residents are proud to have been honoured with the following important awards for excellent performance:

#### ***Blue Drop Status Certification***

*A National Award called “Blue Drop Status” by the Department of Water Affairs which confirms that our municipality strives for excellent service provision.*



The Department of Water Affairs  
hereby Congratulates

***Tlokwe LM***

for maintaining  
BLUE DROP Status  
in the water supply system of:

***Tlokwe***

for 2009 & 2010



19 April 2010

Date



**water affairs**

Department:  
Water Affairs  
REPUBLIC OF SOUTH AFRICA



**blue drop**  
CERTIFICATION

drinking water quality  
REGULATION

## ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

This Annual Report is published in compliance with section 121 of the Local Government: Municipal Finance Management Act No 56 of 2003, to provide record of the activities of the Municipality; to provide a report on performance in service delivery and against the budget; to provide information that supports the revenue and expenditure decisions made and to promote accountability to the local community for decisions made.

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# CHAPTER 1

## INTRODUCTION AND OVERVIEW

## THE FOREWORD OF THE EXECUTIVE MAYOR



It is once more that time of the year when we must account with regard to our service delivery mandate. In this report we present our milestone, achievements and challenges relating to our performance in the financial year of 2009 / 2010.

Whilst the year preceding 2008/9 we have seen the local government sector nationally being negatively impacted by civil strikes in the form of service delivery protests and xenophobic attacks, the past year was in contrast positively characterized by spirited preparations and the successful hosting of the 2010 FIFA Soccer World Cup.

This national project was so successful that it galvanized through the length and breadth of South Africa all local government areas and residents into national unity and a common purpose only rivaled by our first founding national

elections of 1994. By the time the last ball of the World Cup was kicked in July 2010, national fervor had reached its crescendo and the country was riding in its crest wave. Our municipality participated actively in the successful hosting of this event as our guest the SPANISH NATIONAL TEAM, which were the eventual winners of this world cup.

Meanwhile, it is noteworthy that our municipality has generally been less affected by the wave of service delivery protests and xenophobic attacks of the previous year as compared to the country as a whole.

This report will detail all our achievements, but notable amongst all achievements has been the blue drop award we have retained for the second consecutive year in recognition of the good quality of our drinking water. We have committed to retain this high standard and extend it to other areas of service delivery such as refuse removals, sewage removal and treatment, road maintenance and other physical infrastructure creation and bulk service provision. We as a municipality continue to register high collection rates for services that we render to our communities despite the global recession that affected the whole country. This is indicative of the excellent active cordial relation that exists between the municipality and the residents of the city.

The work that we do in our municipality has always been informed by the commitment to implement ideas that seek to ensure a fundamental transformation of our society. At the centre of these

changes is the need to improve the quality of life of our citizens.

We are also mindful of the fact that very soon the country will be undertaking countrywide municipal elections to elect the new local leadership. This calls upon us to speed up delivery and effectively wind up our business so as to help the in-coming leadership to start on a well prepared grounding.

We believe in the centrality of our communities in whatever we do and we continue to engage them in the process of our planning as well as in the revision of those plans. In 2011 and beyond, this municipality must continue to be responsive, efficient, effective and service orientated. We would like to re-instate that value for money is realized with the allocated public resources in our disposal.

## STATEMENT OF THE ACCOUNTING OFFICER

**A**s prescribed by the Municipal Structures Act municipalities are required to present Annual Reports to define in detail what they had done, including the challenges as well as milestone achievements for the previous year.

This Annual Performance Report of Tlokwe City Council describes in detail the ongoing strive to deliver optimal services to all residents of its jurisdiction. Accordingly, the Annual Report for the financial year 2009 / 10 is hereby tabled. The Report will reflect on the following:

- the municipality's performance during that financial year;
- the development and service delivery priorities and the performance targets set by the municipality for the following financial year 2010 / 11; as well as
- measures that were or are to be taken to improve performance

### Spending and Budget Management

The 2009 / 10 municipal actual expenditure on capital budget has been 81,3 million from the R 115,7 million, or 70, 3% of the total amount originally budgeted for. This is a significant amount compared to the 55, 6% spent in the preceding financial year; i.e. 2008 / 9.

We have continued to progressively review and improve the application of our credit control and debt collection measures. Consequently, the payment rate has as from July 2009 to March 2010 increased from 75, 29% to 96, 52%, thereby improving all outstanding debt from R159m in December 2009 to R152m in March 2010. Notable of the progressive improvement in this regard is the fact that the debt collection is done in house. We will continue strive to improve our debt collection and control our resources.

On the other hand, the municipality has also written off a total of about R 38 million indigent debts over the past five financial years. The highest record write off, i.e. the 2009/10 total amount of R22.8 million could perhaps be attributed to the economic recession that hit the country and the world earlier that year. This is indicative of our continued effort to fight ongoing poverty and promote national and international Millennium Development Goals.

This development calls for the intensification of campaigns on the roll out our Inter Government Grants, especially relating to

the identification and registration of indigents on our registry. Currently our municipality provides 6 kilolitres of water and 80 kilowatts of electricity free of charge on a monthly basis to all indigents or people who earn less than R 2 160 per month.

In the past year we have also begun to reap the fruits of the implementation of the new Property Rates Policy. The valuation of properties was completed in December 2008 and Council adopted the new Property Rates Policy by the end of May 2009 for implementation according to MPRA by the beginning of July 2009. The implementation of Property Rates Act has therefore also been an important contributory factor in increasing the revenue levels of 2009/10 budget by +/- R 5million.

### Service Delivery

Over and above all the work that the municipality did in the past year, together with the provincial and national governments also concretized and consolidated the implementation of the Expanded Public Works Programme (EPWP). This is one of the Government's short to medium term strategies aimed at addressing unemployment, poverty and at the same time improving municipal infrastructure services.

The EPWP steering committee was set up in November 2009 and the project in this regard has involved the paving of roads, building of toilet top structures, construction or upgrading of sewer or storm water networks, refuse removals, cleaning and environmental campaigns particularly in the previously disadvantaged areas. Through these projects about 550 short term employment opportunities were created.

With regard to housing delivery we have undertaken a development programme to close - off all outstanding projects during 2009/2010 and 2010/2011 financial years in order to focus on the new projects and the special projects driven by the province.

The provincially managed projects in Ikageng Extension 11 consist of 3 300 subsidies. All the houses should be completed by the end of this financial year.

The biggest challenge in the implementation of these projects is funding as well as the availability of alternative land. The municipality has started a Dolomite study and there is a need for approximately R22 million to finalize the Dolomite Mitigation Plan – the existence of the dolomite in the developed areas of Ikageng is a real risk which need to be attended to as a matter of urgency.

## Awards and Special Achievements

Of the numerous service delivery awards we have been receiving over the years, the blue drop status is obviously the most important. The SANS 241 is a recognized and accepted SABS quality standard that the Department of Water Affairs and Forestry employs to monitor the quality of water nationally. Water quality is determined by the regular testing of 27 different components that are reported through the eWQMS (electronic Water Quality Management System).

Tlokwe City Council has for the second consecutive year in a row retained its Blue Drop Status for the quality of drinking water and water quality monitoring. The Award was accorded to the municipality on April 19, 2010. This achievement is very important municipality because of the ongoing water challenges in the country. The mines have created a negative impact on the drinking water to our communities.

Only 38 water supply systems countrywide obtained the prestigious Blue Drop Award for the 2010 assessment cycle which is a 40% improvement from 2009.

Tlokwe City Council received a Municipal Blue Drop score of 95, 11%. The Provincial Blue drop score is 66, 01% and 92% of Water Service Authorities in North West has been assessed. Only Tlokwe Local Municipality and Rustenburg Local Municipality received Blue Drop Status in the North West Province.

Water reticulation is one of the basic and most sensitive services that are provided by municipalities and are critical to the health of communities. The City Council feels encouraged by the results and will continue to maintain and improve on service delivery standards.

As the city of expertise we always shall strive for service excellence.



# OVERVIEW OF POTCHEFSTROOM

## 1. General Information of Tlokwe City Council

### Members of the Mayoral Committee

Cllr AJ Maphetle	:	Executive Mayor
Cllr DNS Tsagae	:	Speaker
Cllr MA Masiu	:	Single Whip
Cllr EPM Modiakgotla	:	Community Services
Cllr MR Dassie	:	Housing and Planning
Cllr MW Sehurutshe	:	Corporate Services
Cllr HE Stoltz	:	Public Safety
Cllr MP Mogoshane	:	Infrastructure
Ald RH Mokgethi	:	Economic Development
Ald TR Mampe	:	Finance
Cllr KN Mosenogi	:	Special Programmes

### Officials

SA Tyatya	:	Accounting Officer/Municipal Manager
BG Moumakwe	:	Deputy Municipal Manager
BHJ Groenewald	:	Manager Office of the Speaker
MM Jansen	:	Chief Financial Officer
N Klaas	:	Rep. Corporate Services
PC Labuschagne	:	Manager Community Services
DW Maphosa	:	Communication Officer
NA Mashele	:	Manager Infrastructure
LMK Mohlomi	:	Manager Housing and Planning
GSJ Molapisi	:	Manager Public Safety
RTS Masitenyane	:	Manager Economic Development
I Mosala	:	Manager Office of the Executive Mayor

### Ward Councillors

1. NP Raboto	2. R Kruger	3. JC Landsberg
4. DL Davel	5. JM Venter	6. AA le Roux
7. LP Wright	8. MD Hlahaswane	9. MW Sehurutshe
10. LW Mojapele	11. EPM Modiakgotla	12. RH Mokgethi
13. VC Tafita	14. TR Mampe	15. MD Theko
16. TB Mono	17. MA Taoleng	18. NM Koloti
19. MA Masiu	20. MP Mogoshane	21. BE Mahlabe

### Audit Committee

M Schutte	:	Chairperson
E Nkosi	:	Member
S Mqokolo	:	Member

### **Oversight Committee**

Cllr CJ Coetzer  
Cllr MP Mogoshane  
Cllr SI Dipico  
Prof R Everson  
Cllr CC Johnson  
Cllr NM Koloti  
Mr J Masike  
Cllr VC Tafita

### **Officials**

Mr BG Moumakwe  
Me MM Jansen  
Me SG Mans

### **Grading of Local Authority**

Grade 10

### **External Auditors**

Auditor General

### **Bank**

ABSA

### **Registered Office**

Dan Tloome Complex  
P/Bag x1253  
35 Wolmarans Street  
Potchefstroom  
2520

Tel: 018 299 5001

Fax: 018 294 8203

Official website

<http://www.potch.co.za>

- **Municipal Demarcation Code**

NW402

- **Neighbouring Towns**

Ventersdorp, Orkney, Stilfontein, Klerksdorp,  
Carletonville, Parys, Viljoenskroon and Fochville.

- **Municipal Area**

2573 square kilometers.

- **District Municipality**

Dr. Kenneth Kaunda

- **Municipal Budget**

2009/2010    Operating: R 569,3m  
                    Capital    : R 140,7m

- **Population**

+/- 250,000

- **Educational Institutions**

North West University  
Technical College  
Agricultural College  
30 Primary, Secondary and High Schools  
Various private educational institutions

- **Medical Facilities**

Potchefstroom Hospital (State)  
Witransdorp Hospital (State)  
Medi Clinic (Private)  
Mooi-med (Day Care)  
Medi Cross (Day Care)



## CHAPTER 2

# PERFORMANCE HIGHLIGHTS

# QUARTERLY PERFORMANCE REPORT 2009-2010

PLANNING FORMAT: STRATEGIC FOCUS AREA									
COMMUNITY SERVICES: ADMINISTRATION: PLANNING AND IMPLEMENTATION									
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievement	Challenges	Remedial action
Municipal Financial Viability and Management	Manage, monitor and control budget procedures and expenditures of the Operational, Personnel, Vehicle and Capital Budget of the Department effectively and according to the MFMA and SCM	% of Operational, Personnel, Vehicle and Capital Budget spent effectively and accountably per quarter.	20%		COUNCIL: Operational (Including personnel and vehicle) Capital	100%	90% Operational Budget Capital Budget 103% (Due to extension of Airport for 2010 FIFA World Cup)	Specification process very slow due to lack of Technical experience of personnel in Departments and non assistance by Departments who do have experienced personnel. Adjudication process also very slow.	Training of key personnel to compile specification documents. Speeding up of Adjudication process by pressure from the Managers.
Municipal Institutional Development and Transformation	Develop, implement, monitor and evaluate strategic plans of the Department in accordance to the vision of the Council	% of timely submission of Quarterly and Annual Service delivery reports per section.	60%		N/A	100%	60%	Not all Administrative Personnel skilled to assist heads of Sections. Workload of key personnel too heavy.	Training of all AA's and Middle Management.
Municipal Institutional Development and Transformation	Execution of Council Resolutions related to the Department	% of Council Resolutions related to the Dept. Community Services executed	0%	0%		100%	100%	18 Resolutions with regard to Community Services taken in the 4 <sup>th</sup> qtr all 18 executed.	Resolutions to be attached and linked to budget planning and IDP
Municipal Institutional Development and Transformation	Submission of reports to Council and on instruction of Management and Council on issues related to Services to assist Council in the decision making process	% of outstanding Reports	0%			0%	7,7%	13 reports to be submitted in the 4 <sup>th</sup> qtr, only 1 report were still outstanding at end of 4 <sup>th</sup> qtr. The matter on which the Department had to report back on was not yet concluded.	Capacitating of personnel in report writing skills and office management. RMS System not user friendly to all Departments

**PLANNING FORMAT: STRATEGIC FOCUS AREA**

**COMMUNITY SERVICES: ADMINISTRATION: PLANNING AND IMPLEMENTATION**

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievement	Challenges	
Municipal Institutional Development and Transformation	Human Management and empowerment within the Department	% of training and skills development requests approved.	0%			5%	2%	Limited funds available for training & skills development Departmental Manager not part of prioritizing and allocation of training.	Staff / Skills development and training for all levels of personnel more frequently. More funds to be made available
Municipal Institutional Development and Transformation	Communication of strategic plans, code of conduct, grievance procedures, policies etc of Council to all new employees within the Dept.	% of new appointments received induction.	0%		Council Operational	100%	100%	All personnel appointed received induction. Unfunded and vacant posts do not receive the urgent attention needed.	Appointment of personnel. Vacancies really important and relevant to functions.



**PLANNING FORMAT: STRATEGIC FOCUS AREA**

**COMMUNITY SERVICES: LIBRARY SERVICES AND INFORMATION: PLANNING AND IMPLEMENTATION**

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Service Delivery and Infrastructure	Building of a library in Ikageng	% Completion of the Procurement process & Construction of one library.	No library in this specific area in Ikageng	1 library	Capital Province	100%	65%	Construction of Building 65% completed. Tender Process was delayed due to unforeseen circumstances	Personnel to be trained in Project Management. And Tender Procedures.
Service Delivery and Infrastructure	Extension of the main library	% Completion of the Procurement process & extension of 1 library	Current library is too small.	Extension process	Capital Province	100%	0%	Funds are transferred to the building of the Library in Ikageng with the approval of Provincial Government.	Re- application for funds from Provincial Government to complete the project.
Service Delivery and Infrastructure	Acquisition of library materials	% of Total allocated funds used to purchase books and materials.	0%	0%	Council Operational	100%	100%	Books are very expensive. Planned purchasing of material is done early in the financial year.	R150 000 secured in the adjustment budget to purchase Spanish material for 2010 FIFA world cup
Service Delivery and Infrastructure	Implementation of Outreach Programmes	Number of programs hosted per quarter.	2	0	Council Operational	3	41	Implementation of Tswaranang Integrated Library project in Schools	Need additional R 500 000 (Short term) To apply for funds at Lotto Business plan to be compiled and submitted.

**PLANNING FORMAT: STRATEGIC FOCUS AREA**

**COMMUNITY SERVICES: ENVIRONMENTAL MANAGEMENT: PLANNING AND IMPLEMENTATION**

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
	Implementation of Awareness Campaigns, training and workshops	Number of awareness Campaigns implemented per quarter	0	0	Council Operational	3	1	Non functional Environmental management unit. Due to lack of appointment of personnel	Urgent and critical appointment of Environmental Management Unit personnel (1x Environmental Officer, Community Development Officer,
	Environmental Awareness training of Women	% of Women educated per quarter of persons educated	0%		Council Operational	35%	35%		
	Environmental Awareness training of Youth	% of Youth educated per quarter	0%		Council Operational	30%	30%		
	Environmental Awareness training of disabled	% of Disabled people educated per quarter	0%		Council Operational	10%	10%		
	Implementation of sustainable non motorized transportation (Bicycle Project)	% usage of total bicycles by the community	0%		Council Operational	80%	0%	As above	As Above
	Implementation of Sustainable recycling Projects	Number of sustainable recycling projects implemented in 51 schools	36	0		51	48	Non functional Environmental management unit. Due to lack of appointment of personnel	Urgent and critical appointment of Environmental Management Unit personnel (1x Environmental Officer, Community Development Officer.
		Number of eco circle clusters established per quarter:	1000		Council Operational	5000	3667	Lack of Proper Project Management and extension of the project	Community Development Officer level 6 to be appointed (Critical post)
	Implementation of sustainable environmentally friendly poverty alleviation / job creation and food security projects (Eco Circle Project)	Number of Beneficiaries of the vegetable gardens per quarter.	4000		Council Operational	4000	17689	Lack of Proper Project Management and extension of the project to keep project viable and sustainable.	Community Development Officer level 6 to be appointed (Critical post)

**PLANNING FORMAT: STRATEGIC FOCUS AREA**

**COMMUNITY SERVICES: ENVIRONMENTAL MANAGEMENT: PLANNING AND IMPLEMENTATION**

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Basic Service Delivery	Collecting, testing of drinking water samples from different sample points daily and weekly. Continue to provide safe drinking water to the community in accordance to BLUE DROP certification	% of compliance to SANS 241	100%	0%	Council Operational	100%	99,3%	<p>A total 99,3% of all chemical and physical measures were within the Ideal level 95,4% of all Microbiological measures were in the ideal level. 100% of all E Coli and Faecal Coliform measures were in the ideal level.</p> <p>Turbidity in the treated water in the plant treating water from the Potchefstroom Dam occurred. Blue Drop and green drop certification required more personnel to address the increase in workload and more tests to be collected and analysed</p>	<p>Urgent appointment of 1x Laboratory Assistant (level 14), Analyst x 1 (level 6) and Cleaner Level 18.</p> <p>Report already submitted to Council. Review of Structure</p> <p>The level of sand filters has to be adjusted at the plant. Quotations for filter sand have already been obtained to rectify the problem Attention to the Free Chlorine in distribution system will be necessary by adding Chlorine booster pumps at the reservoirs furthers from the treatment plant.</p> <p>Training of samples to better disinfection process of sampling.</p> <p>Re-evaluation of test method.</p>
Basic Service Delivery	Collecting and testing of Raw water samples from different sample points weekly to monitor the raw water sources	% of compliance to SANS 241	100%	0%	Council Operational	100%	100%	No Failures in the quality of Raw water were detected	

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: ENVIRONMENTAL MANAGEMENT: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Yearly	Achievements	Challenges	Remedial action
Basic Service Delivery	Collecting and testing of treated effluent waste water samples from different sample points Daily & weekly to obtain Green drop certification.	% of compliance to SANS 241	100%	0%	Council Operational	100%	55,2%	No failures for the Chemical Oxygen demand were noted. The major area of concern is still the phosphates concentrations. This problem can also be connected to the high infiltration of rain water and the subsequent hydraulic overload. 3x occurrence of E Coli Failure due to delivery problems of the Chlorine gas. Failure at the River 2 point of E. Coli due to the possible link between sewage entering from the prison.	Link between the occurrence of E. Coli and the possible sewage entering from the prison will be investigated and rectified
Spatial Development Framework	Monitoring, Quarterly and annually submission of performance report to DACE in line with the NW EIP that will reflect progress with targets set.	Number of prescribed reporting done to DACE per Quarter	4	4	Council Operational	4	0	Non functional Environmental management unit. Due to lack of appointment of personnel. Unfunded Vacant Critical Post.	Urgent and critical appointment of an Environmental Management Officer at level 6 Report already submitted. Funds to be allocated.

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: WASTE MANAGEMENT: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Back-log	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Basic Service Delivery	Providing basic Household refuse removal services in accordance to the weekly programme.	% Removal of domestic refuse at households, industria, business, food premises and public institutions according to programme per quarter.	80%	20%	Council Operational	100%	85%	Vehicles and Equipment Shortages and Breakages. Experience Shortage of personnel to run programs ( Personnel corps old and absent due to illness)	Making use of Contract Workers and outside contractors.  Urgent appointment of personnel in vacancies. Consolidate report on status of personnel in the Section Waste Management with regard to absence, illnesses and old age.  Continue to work double shifts and overtime during the week and weekends to reduce the backlog.



PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: WASTE MANAGEMENT: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Back-log	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Basic Service Delivery	Daily removal of Garden Refuse to the Landfill site from the Mini Dumping Site	% of garden refuse removal within 24 hours at mini dumping site per quarter	80%	20%	Council Operational	100%	65%	Vehicles allocated to render service are old and continue to breakdown, Difficult to repair. Spares unavailable.	To prevent Risk to Council Urgent Purchasing of new vehicles and replacement of old vehicles to be done. Risk assessment to be done to highlight urgency.

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: WASTE MANAGEMENT: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Back-log	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Basic Service Delivery	Sweeping of streets and emptying of refuse bins in the Central Business Areas	% of bins emptied and streets swept according to programme in CBD area per quarter.	80%	20%	Council Operational	100%	65%	No vehicles available due to breakdowns of old fleet. Make use of external contractors to assist with the rendering of services	Continue to make use of External Services Providers until appointment of personnel and Purchasing and replacement of Vehicles took place.  Continue with overtime during weekends.
Basic Service Delivery	Contract Management and adherence to the license obligations of the operation and Maintenance of the Landfill site	% Non Compliance in accordance to the contract identified and reported.	80%	20%	Council Operational	100%	100%	No Non Compliance identified.  Current contract for project management (Supervision) and contract for Operation and maintenance has expired end of March 2010.	Project Management training  Specification has been approved. Documentation was submitted for advertisement to the Office of the Speaker.

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: ARTS AND CULTURE PROMOTION: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Economic Development	Arts & Crafts Skills Development programmes	Number of skills development projects implemented.	2	0	Council Operational	2	5	Rise in interest by community . Projects needs to be expanded to extended community	Submission of Grant application for R25000 at Provincial Government
Service Delivery and Infrastructure Development	Exhibitions	Number of exhibitions organised per quarter.	2	0	Council Operational	2	6	Development of travelling exhibitions of different cultural groups. To accomplish a higher level of understanding of history of different cultural groups	R550 000 (Provincial Grant) Application for next financial year.
	Maintenance of museums	% of allocated funds spent on maintenance of arts & culture per quarter.	0%	0%	Council Operational	100%	100%	Work orders submitted to Dept Infrastructure. Progress of implementation very slow due to shortage of personnel and workload. But concluded.	Continuous follow-up.
	Provide assistance, material and facilities to assist the community in research projects	Number of Research Projects registered.	0	0	Council Operational	3	1	Rise in interest to conduct research on history Projects to be expanded to all culture groups.	Implementation of Time Travel Project in collaboration with Sweden if funds available. Development, implementation of system to computerise cemeteries records and data next financial year.

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: ARTS AND CULTURE PROMOTION: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Financial Viability	Purchasing of 1x vehicles	% Completion of the Procurement process & purchasing of 1 vehicles	0%	0%	Council Capital	100%	100%		
Economic Development	Provision and marketing of affordable clean recreational facilities for day visitors	% of budgeted revenue for day visitors collected	80%	20%	Council Operational	10%	16%	Lack of marketing strategies. Facilities to be upgraded to increase usage and increase revenue collection.	Planning and implementation of marketing strategies & upgrading of facilities. (Next financial Year Budget)
Economic Development	Provision and marketing Quality Camping facilities	%of available accommodation fully booked per quarter.	5%	95%	Council Operational	3%	119%		Technology to improve bookings and revenue collection implemented.
Economic Development	Provision and marketing of affordable clean accommodation	Percentage of available accommodation fully booked per quarter.	29%	71%	Council Operational	24%	36%		Drafting and submission of business plans to seek funding (LOTTO etc)

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: COMMUNITY HALLS/ VENUES: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Service Delivery and Infrastructure	Maintenance of Community Facilities	% of allocated funds spent on maintenance of community centers per quarter.	0%	0%	Council Operational	100%	100%	<p>The cost of maintenance work that needs to be done is higher than the amount budgeted for. Therefore only small work can be done.</p> <p>Upgrading of 3 Community Halls to receive 3 star grading. R300 000 needed for the next 5 financial years. (Capital, LOTTO, MIG, National).</p> <p>Compiling of business plans.</p>	<p>Increase usage and standard of Community Halls.</p> <p>Upgrading of 3 Community Halls to receive 3 star grading. R300 000 needed for the next 5 financial years. (Capital, LOTTO, MIG, National).</p> <p>Compiling of business plans.</p>
Local Economic Development	Provision of standard community centers	% of budgeted revenue collected for the usage of community centers per quarter	10%	90%	Council Operational	100%	53%	<p>Upgrading of 3 Community Halls to receive 3 star grading to</p> <p>Increase revenue and usage.</p> <p>Approval of requests to make use of Facilities free of charge too high.</p> <p>Revision of Policy and lease agreements to be done on the hiring of sports, Community Halls and recreational facilities to eliminate / reduce free usage.</p>	<p>Implementation of Technology to improve booking system and revenue collection system.</p> <p>Revision of Policy and lease agreements to be done on the hiring of sports, Community Halls and recreational facilities to eliminate / reduce free usage.</p>



PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: PARKS AND RECREATION: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Spatial Development Framework	Establishment of Parks (Moorivier Mall)	% Payment done	0%	100%	Capital Council	100%	100%		
Spatial Development Framework	Cutting of grass, pruning of trees and maintenance of parks, gardens, hiking trails, sanctuaries and open spaces	Number of cutting, cleaning, planting and pruning sessions done in each ward per qtr.	6		Council Operational	6	2	<p>Shortage of personnel, outdated and shortage of Fleet (Vehicles and Equipment.)</p> <p>Large number of personnel is medical unfit of high age to cover Growing Development and Work intensive labour. Policy to be developed to replace medical unfit personnel to be more productive.</p> <p>Shortage of funds to maintain and upgrade current Infrastructure</p> <p>Rising level of Vandalism (fences, Irrigation etc)</p>	<p>Replacement and increase of Vehicle Fleet &amp; Equipment necessary.</p> <p>Appointment of 80 people (To establish 5 new teams to operate in Ikageng, Promosa, Dassierand and Mohadin and at the cemeteries and the rest to complete the current teams.</p> <p>Outsourcing of ABOVE Services to cover new developments</p> <p>Upgrading of current infrastructure</p> <p>Upgrading of Fence. Appointment of Security</p> <p>R20 000-00 over the next 5 year budget (MIG, LOTTO, Council)</p>

PLANNING FORMAT: STRATEGIC FOCUS AREA

COMMUNITY SERVICES: PARKS AND RECREATION: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Spatial Development	Greening of the City and planting of trees	% of budgeted funds spent to purchase trees and planning of trees	25%		Council Operational	100%	100%	Absence of watering trucks due to breakdowns and old age. Trees were purchased and stored at the nursery for rainy seasons.	Purchasing of new watering trucks. Making use of outside service provider or PP. Purchase larger trees (Although more expensive) to be better maintained and reduce vandalism.
	Awareness and training Programs	Number of awareness & training programs implemented per quarter.	2	0	Council Operational	2	0	Preparation for airport and other functions for 2010 FIFA world Cup	
Service Delivery and Infrastructure Development	Purchasing of Tipper trucks to address illegal dumping and backlog.	% Completion of the procurement process & purchasing of a truck	0%	0%	Capital Council	100%	100%	Procurement process is completed. We are waiting for delivery of vehicle.	Training of concerned personnel regarding compilation of specifications (In house training)
Service Delivery and Infrastructure Development	Purchasing of Front Loader to address illegal dumping and hot spots	% completion of the Procurement process & purchasing of the front loader.	0%	0%	Capital Council	100%	100%	Same as above	Same as above.

**PLANNING FORMAT: STRATEGIC FOCUS AREA**

**COMMUNITY SERVICES: PARKS AND RECREATION: PLANNING AND IMPLEMENTATION**

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Service Delivery and Infrastructure Development	Maintenance of sport facilities according to National and International Standards	% of allocated funds spent on maintenance of sport facilities.	0%	0%	Council Operational	100%	100%	High inflation rate increase in costs.  Lack of sufficient funds to do proper maintenance and upgrading	Better planning and application for external funds to upgrade sport facilities.  Drafting of Business plans.
Local Economic Development	Marketing of sport facilities and Liaising with sport clubs and sport codes.	% of usage of the sport facilities for different events and sport codes per quarter.	60%		Council Operational	60%	30%	Absence of Sport Liaison Officer and sport council which were identified as a Critical Post and Budgeted for. Shortage of caretakers at Sport Facilities. Facilities were reserved for 2010	Appointment of Sport Liaison Officer. Appointment of 3 Care Takers  (R400 000 – Operational )
Service Delivery and Infrastructure	Maintenance of cemetery infrastructure and gardens.	Number of cleaning operations executed per quarter.	6		Council Operational	8	3	Due to Shortage of personnel and outdated equipment we had to make use of service providers	Appointment of personnel and purchasing of equipment (CAPITAL)
	Provision of Graves Timely	% of graves provided within 48 hours.	100%	0%		100%	100%	Due to shortage personnel have to work over-time	To appoint more personnel to work shifts.

## PLANNING FORMAT: STRATEGIC FOCUS AREA

### COMMUNITY SERVICES: PARKS AND RECREATION: PLANNING AND IMPLEMENTATION

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Service Delivery and Infrastructure	Compliance to License specifications	% Adherence to the Aviation License specifications.	100%	0	Council Operational	100%	100%	Extension of the Airport Runway for 2010 World Cup. License conditions changed for that period to Category 6	SACAA approved construction and operational plans of the upgrading of the Airport.

#### Challenges:

1. Shortage of personnel, and unfilled vacancies and increase in the usage of project workers and external Service Providers.
2. Personnel not adequately trained and skills developed to take responsibility of the magnitude of service delivery.
3. Lack of staff development, succession and promotion within Council. No policy or plan in place.
4. Limited Funds available for training and skills development per departmental needs.
5. Lack of expertise in Sections to compile business plans and specifications.
6. Difficulty to adhere to Grant Conditions.
7. Lack of Supervision of project workers and teams.
8. Structure not aligned with Functions and KPA's of each Section and Department.
9. Unqualified personnel execute tasks that need a specific qualification.
10. Incapacitated environmental Management unit to comply with Environmental Legislation.
11. Lack of implementation sustainable environmental projects (Greening of City/CCP/energy saving/renewable energy/climate change adaptations etc.
12. Non Compliance to Blue and Green Drop Certification.
13. Inconsistency to implement rules and policies.
14. Non Compliance to legislation and lack of and outdated policies, regulations and by-laws.
15. Backlog and unequal service delivery with regard to Cleaning of the City/ Greening of the City and Refuse Removal Services due to lack of resources.  
(Personnel, Vehicles, Equipment) and alignment of budgets with new developments.
16. Shortage of vehicles and outdated vehicles.
17. Shortage of Equipment and outdated equipment.
18. Operational and Capital Budget do not allow for service rendering in new developments.
19. IDP and maintenance budget not aligned.
20. Annual Budget process not in line with issues resolved by Council Resolution (Prioritising process etc).
21. Lack of Green Procurement.
22. Lack of Revenue collection Systems in place.
23. Absence of the implementation of technology in facilities to enhance revenue collection (e.g. Dam and Libraries.
24. Under development of facilities and infrastructure to lure usage to increase revenue.
25. Lack of universal reporting templates.

**Remedial Action:**

1. Filling of all vacancies within all sections of the Department.
2. Development and implementation of a Job Related Skills development and in-house training plan within each section.
3. Re-evaluation of personnel to determine whether they are suitable for the job they are appointed in or rather suitable in another position in Council.
4. Council to develop a Policy and plan for performance appraisals/ promotion and succession plan of personnel to ensure staff retention and productivity.
5. Each Department/ Section to budget and prioritize training needs.
6. Nomination of knowledgeable personnel within the Department to assist other sections and to train at least one person in each section (In-house training).
7. Training of Sectional Heads and Administrative Personnel: Compiling of documentation to adhere to Grant Conditions and give feedback.
8. Training of Supervisors to be a Supervisor.
9. Supervisors to develop and implement monitoring and inspection tools to manage the work areas and teams they are responsible for.
10. Development of a structure for each Section in accordance to the functions and mandate as well as the total development of the organizational Structure.
11. Filling of identified critical posts as per Council Resolution in all Sections.
12. Revival and capacitating of approved Environmental Management Unit as approved by Council. Process can be implemented in phases.
13. Establishment of Water Quality Monitoring Unit and appointment of personnel as per approved Council Resolution. Process can be implemented in phases.
14. Enforcement of current legislation, Policies and procedures.
15. Development of new and revising of old policies, regulations, by-laws and procedures in line with newest legislation and submit to Council for adoption.
16. Appointment of additional personnel and filling of budgeted vacancies.
17. Purchasing of Vehicles and Equipment.
18. Establishment of infrastructure of refuse collection sites (Skips).
19. Purchasing of vehicles on the Sections Parks and Recreation, Lakeside resort; Water Quality Monitoring; Waste Management and Community Halls.
20. Development and Implementation of Replacement strategy of old vehicle fleet.
21. Purchasing and replacement of equipment in all Sections.
22. Development and implementation of Proper Asset Management, replacement strategy and maintenance plans within each Section in the Department Community Services.
23. Alignment of Operational and Capital Budget with new developments.
24. Alignment of IDP and Maintenance Budget.
25. Align Capital and Operational KPA's functions and mandate of each section in the Department through planning, prioritizing and Action Plans.
26. Development and implementation of a system in coordination with IT and Finance Department to automatically link the execution of Council Resolutions with Departmental Budgets.
27. Incorporate green procurement into the SCM policy.
28. Each Section to develop a revenue collection system that will address poor revenue collection.
29. Development and implementation of electronic booking, data collection and revenue collection system at facilities.
30. Upgrading and development of all Sport and recreation facilities and Airport (including lakeside Recreation Resort) in phases.
31. Better marketing through special promotions during low income seasons.
32. Administrative Assistants needs assistance in the completion of compilation of universal templates.



## DEPARTMENT INFRASTRUCTURE

### Introduction

Tlokwe Local Municipality has achieved more in terms of providing basic services to its communities. The Municipality has succeeded in registering indigents and provided households with access to free basic services; water and electricity. Tlokwe is water service authority and provides water and electricity to its communities.

The strategic objectives of the Municipality in terms of sanitation, water and electricity is as follows: To upgrade or provide better infrastructure services.

## ANNUAL PERFORMANCE PLAN - INFRASTRUCTURE

REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010								
CAPITAL								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
				Expenditure	Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide better infrastructure services	Paving of sidewalks & taxi bays - 070340020010			R0	To be implemented in 2010/2011	Obtained grant approval from MIG	Late approval by MIG	Establishment of PMU
				R0				
To upgrade or provide better infrastructure service	Sarafina: Roads & Stormwater – 070360020005		N12 Inter-section	R500,000	Project completed	Connected to the N12	Late approval for intersection by SABRAK	None
				R417 244				

# REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010

## CAPITAL

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget Expenditure	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide better infrastructure services	Ikageng Ext 12 (Sonderwater) Primary Roads & Stormwater- 070360020008 070360020009		±6 km	R10 290 688 R8 649 419	Paving of roads and retaining wall	2.275 kms paved roads and 1.3 km stormwater pipes constructed	Poor access to some construction sites	Temporary relocation of some residents
					Project completed	1 pump line and pump station compiled	None	None
To upgrade or provide better infrastructure services	Promosa X3 Sewer – 070500060012		Insufficient capacity pump station	R388 313 R387 198				

# REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010

CAPITAL								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget Expenditure	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide better infrastructure services	Toilet top structures (030061705023) – 070500060013		3000 toilets submissions	R13 011 012	Project completed	1619 toilets constructed	None	None
				R13 011 002				
To upgrade or provide better infrastructure services	Ikageng Ext 12 (Sonderwater) Water Network - 070500060018		New	R4,734,292	Project completed	609 connections	None	None

# REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010

## CAPITAL

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget Expenditure	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide better infrastructure services	Ikageng Ext 12 (Sonder-water) Sewer Network – 070500060019		New	R8,125,169	Pipe laying	609 connections	None	None
To upgrade or provide better infrastructure services	Bult Water Network Upgrading – 070740030001		11.3 kms smaller dia. pipes	R5,000,000 R3 629 260	Finalizing connections	11.3 kms ~ 98% completed. Network completed. Only minor connections to be done.	Poor access due to existing services	Hand excavation
To upgrade or provide better infrastructure services	Ikageng South sewer by-pass		Overloaded outfall	R1 000 000 R834 952	Excavations and pipe laying	900 metres new sewer line	Poor access due to existing services	NONE

# REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010

CAPITAL								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
				Expenditure	Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide infrastructure services	Water Ext 11 – 070740030005		1 km	R634,838 R622 294	Contractor appointment: 2010-03-00	143Nnew connections completed	Late finalization of sub division for relocation	Finalization of sub division for relocation
To upgrade or provide better infrastructure services	The Built electricity: upgrading – 070670050044		Phase 1 completed	R4 142 415 R3 994 713	Cleaning up & marking of lines	27 kms new cable and 27 mini sub stations completed	Poor access due to existing services	Hand excavation

# REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010

## CAPITAL

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget Expenditure	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide better infrastructure services	Bulk Electricity – 070670050050		Insufficient bulk capacity	R25,111,315	The tender for the transformer has been appointed. The tenders for the lines has closed & the appointment of the tender is still pending	3% continue 22 year project	Contractor on site	None
To upgrade or provide better infrastructure services	Integrated National Electrification Program – Matlwang Village 070670050052		No infrastructure	R4 300,000 R3 721 549	Construction of backbone and connections	87% progress. will be completed end of July 2010	Eskom motorium on new connections	None

# REPORTING FORMAT: STRATEGIC FOCUS AREA FOR 2010

CAPITAL								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
				Expenditure	Yearly Activities	Achievements	Challenges	Remedial Action
To upgrade or provide better infrastructure services	Electricity: Scada & Power quality – 070670050052		None	R232,950	The consultant was appointed. The tenders have to be advertised	Advertisement	None	None
				R69 240				
To upgrade or provide better infrastructure services	Vehicles (Electricity) -070670220001			R1,700,000	6 vehicles purchased	Complete	None	None
				R1 700 000				
To upgrade or provide better infrastructure services	<b>Paving of Roads: Steep gradients –</b> 070340020007  Paving of roads: Ikageng – 070340020006		5 km	R3,018,748	NONE – PROJECT COMPLETED	5 KMS paved roads: 1 <sup>st</sup> Avenue  Molantoa  Nzimande  Sivuyile  Kefentse	None	None
				R2 733 496				



WARDS								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
Ward 1 Cllr NP Raboto: 073 577 7222	To enable Councillors to attend to ward residents requests		- Replacement of stolen cables	Budgeted: R100,000.00  Available: R56,436.70		COMPLETED –  R47 765.00		
Ward 2 Cllir R Krüger 083 611 1505	To enable Councillors to attend to ward residents requests		- Speed humps: Beyers Naudé & Retief/Auret Str  - Construction of storm water – Beyers Naudé Str	Budgeted: R100,000.00  Available: R28,386.00		COMPLETED –  R21 090.00		

WARDS								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Yearly Activities	Achievements	Challenges	Remedial Action
Ward 3 Cllr JC Lansberg: 083 625 8896	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Speed humps in Lupine Street between Zeederberg &amp; Watsonia Street</li><li>- Repair of the tarred surface of the bicycle road over the Mooi River between Lupine Street &amp; Govan Mbeki Road</li><li>- Maintenance of the pole fence in Parys Ave between Erica Str &amp; Nelson Mandela Road</li><li>- Speed humps in Malva Street between Richardson &amp; Wynne Street</li></ul>	Budgeted: R100,000.00  Available: R71,000.00	Paving of Island at UIL street	COMPLETED  ±R 29 000.00		

WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Monthly Activities	Achievements	Challenges
Ward 4 Cllr DL Davel: 082 772 5733	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Kock Street - alteration of kerbing &amp; paving of side walk</li><li>- Soetdoring Str - painting of fence</li><li>- Chris Hani (Volkskool) slipway to exit into</li></ul> Chris Hani <ul style="list-style-type: none"><li>- Puk Mc Aurther Stadium - refurbishing of parking area</li><li>- Road signs directing to Potch cemetery be erected from Nelson Mandela Drv to cemetery</li><li>- Road markings to be painted on all speed humps in</li></ul> Ward 4	Budgeted: R100,000.00  Available: R23,182.57	COMPLETED –  R31 117.43   		

WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Monthly Activities	Achievements	Challenges
Ward 5 Cllr J Venter: 083 854 7229	To enable Councillors to attend to ward residents requests		- Raised pedestrian crossing c/o Jeugd & Beyers Naude  - Parking spaces - Security Car Care in Jeugd Str  - Roadsigns & speed humps must be painted in Ward 5	Budgeted: R100,000.00  Available: R86,550.00	Issue has been resolved – No need for parking space anymore		

WARDS								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
Ward 6 Cllr AA Le Roux: 082 782 6476	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Paving of parking area in Molen Str N of cnr Venter Str</li><li>- Paving of Pedestrian walkway in Molen Str N of cnr Venter Str</li><li>- Paving of Pedestrian walkway in Molen Str S of cnr Venter Str</li><li>- Paving of Pedestrian walkway in Thabo Mbeki Drive S of school</li><li>- Gravel - vehicles - Thabo Mbeki Drive S of school</li><li>- Replace fig 7b straight curbs with 79 flat entrance curbs</li></ul>	Budgeted: R100,000.00 Available: R71,76.00	COMPLETED	COMPLETED - R 28,007		
					COMPLETED			
					PUT ON HOLD			
					PUT ON HOLD			
Ward 7 Cllr LP Wright: 082 578 4647	To enable Councillors to attend to ward residents requests	On Capital budget	<ul style="list-style-type: none"><li>- Paving through graveyard Ext 3</li><li>- Speed hump-Rissik str</li><li>- Replacement of stolen electricity cable</li></ul>	Budgeted: R100,000.00 Available: R1,200.00		COMPLETED – R 4,560.00 COMPLETED R22,000.00		

WARDS						
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets	
					Yearly Activities	Achievements
						Challenges
						Remedial Action
Ward 8 Clr MD Hlahaswane: 083 425 2269	To enable Councillors to attend to ward residents requests.		<ul style="list-style-type: none"> <li>- Side walk: Molotlegi Str</li> <li>- Speed humps: Forsman Str &amp; Landros Steyn Str</li> <li>- Building ward office for community</li> <li>- Roofing for house no 1 &amp; no 2 (2houses)</li> <li>- Erect speed humps in Kgatelopele View</li> <li>- Replace rusted roof sheet Ramohitsane Str</li> </ul>	Budgeted: R100,000.00  Available: R4,110.00	Awaiting appointment of contractor.	COMPLETED R24 500.00
Ward 9 Clr MW Sehutshe: 082 741 0650	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"> <li>- Water connection - Honesty</li> <li>- Replacement of stolen cable</li> </ul>	Budgeted: R100,000.00 Available: R78,636.70	IN PROGRESS	COMPLETED – R21,363.30

WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Yearly Activities	Achievements	Challenges
Ward 10 Cllr LW Mojapele: 082 952 5614	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Bridge side guard: Sonderwater road</li><li>- Speed hump: Mahhongo Str</li><li>- Speed hump: cnr Sepotokele &amp; Lekhele</li><li>- Road markings on paved roads</li><li>- Cleaning op open space for allocation of new stands &amp; removal of big stones &amp; rubble</li><li>- Cleaning &amp; excavation of new open spaces &amp; removal of stones &amp; rubble</li><li>- Cleaning &amp; grading level at new open stands &amp; compacting area as well as removal of rubble</li></ul>	Budgeted: R100,000.00 Available: R3,496.00	COMPLETED – R22,800.00  COMPLETED – R26,400.00   COMPLETED – R25,600.00   COMPLETED – R21,500.00	<ul style="list-style-type: none"><li>- No funds available</li><li>- No funds available</li><li>- No funds available</li></ul>	

WARDS								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
Ward 11 Cllr EP Mo-diagotla: 079 829 2633	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Cleaning of illegal dumping site &amp; removal of big stones</li><li>- Grading &amp; levelling of open space &amp; removal of rubble</li><li>- Excavate bank steps to ramp from curbs to side walk where constructor built new road</li></ul>	Budgeted: R100,000.00  Available: R2380.00		COMPLETED –  R 24,600.00    COMPLETED –  R 16,600.00   COMPLETED –  R 23,800.00		
Ward 12 Cllr RH Mokgethi: 083 362 7692	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Closure of furrow in Molotsi Str - Botoka School</li><li>- Speed Humps: Chabalala Str; Tlafudi Str; Makau Str</li><li>- Fence of a park in Ikageng</li></ul>	Budgeted: R100,000.00  Available: R32,400.00	COMPLETED	R29,731.20		



WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Yearly Activities	Achievements	Challenges
Ward 13 Cllr VC Tafita: 082 424 6222	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Stolen electricity cables to be replaced</li><li>- ±20 Stolen cables to be replaced</li><li>- R4000.00 window blinds for office</li><li>- Office furniture</li></ul>	Budgeted: R100,000.00  Available: R2,709.95	COMPLETED –  R 23,165.00   <		

WARDS								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
Ward 14 Cllr R Mampe: 073 943 2776	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Side walk paving- Kwena; Maphongo &amp; Matebele</li><li>- Speed humps: Moloko; Moduka &amp; Nyokong Str</li></ul>	Budgeted: R100,000.00  Available: R0.00			No funds available to execute project	
Ward 15 Cllr MD Theko: 018 299 8155	To enable Councillors to attend to ward residents requests		<ul style="list-style-type: none"><li>- Covering of storm water drain next to Botoka</li><li>- Paving of side walk: Bathoeng Str; in front of shop next to Keagile school</li></ul>	Budgeted: R100,000.00  Available: R41,335.48	Construction completed  - Completed	COMPLETED –  R29,673.00   COMPLETED -  R29,263.00		

WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Yearly Activities	Achievements	Challenges
Ward 16 Cllr T Moono: 072 467 1763	To enable Councillors to attend to ward residents requests		- Speed hump: Cosmos Str & Madi Str  - Replacement of stolen cable  - Removal of stones: 5700; 5701 ; 5702 Itireleng Str  - Itereleng Street House 5701  - Itereleng Street House 5702  - Removal of big stones at 5700;5701 & 5702 & side walk	Budgeted: R100,000.00  Available: R1.70		COMPLETED –  R 3,000.00  	

WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Yearly Activities	Achievements	Challenges
<b>Ward 17</b> <b>Cllr MA Taoleng:</b> <b>082 343 3659</b>	To enable Councillors to attend to ward residents requests		-Office & fence for ward committee Stand 13181  -Replacement of stolen cable	Budgeted: R100 000  Available: R44,117.90	In progress	COMPLETED  R30,000	
<b>Ward 18</b> <b>Cllr NM Koloti:</b> <b>082 079 4800</b>	To enable Councillors to attend to ward residents requests		-Water meter at vegetable garden - Paving of Side walk – Big Str - Building of store room & office shack	Budgeted: R100,000.00  Available: R70,004.50	In progress		-Who will pay Monthly account?  - Not enough funds
<b>Ward 19</b> <b>Cllr A Masiu:</b> <b>082 906 2656</b>	To enable Councillors to attend to ward residents requests		-Replacement of stolen cables  - Speed humps:  Mandela Str & Nkosi Str	Budgeted: R100,000.00  Available: R18,644.48		COMPLETED  R32,165.00	
<b>Ward 20</b> <b>Cllr Mogoshane:</b> <b>078 133 0254</b>	To enable Councillors to attend to ward residents requests		- Building of a 2 room structure & vegetable garden - 2 doors (1 wooden & 1 steel) -Burglar proof for doors & windows - Replacement of stolen cable  -Removal of big stones Ext 11- 14577	Budgeted: R100 000.00  Available: R3,263.70		COMPLETED  R66,130  COMPLETED  R13,000	

WARDS							
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets		
					Yearly Activities	Achievements	Challenges
Ward 21 Cllr Stone: 082 908 7949	To enable Councillors to attend to ward residents requests		- Office on Erf 12729 - Replace of stolen cables	Budgeted:  R100,000.00  Available:  R34,347.19		COMPLETED  R31,563	

## MAINTENANCE

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	TARGETS			Remedial Action
					Yearly Activities	Achievements	Challenges	
<b>Water Purification Plant</b>	The intended use of the establishment is to purify raw water as prescribed by water services Act and SANS 241 drinking water standards; through storage in bulk reservoirs and distributing through water reticulation networks.	Water supply to 42 388 households with clean water monthly	Water purchased – 3 496 758 kl Water purified – 3 330 045 kl	R1,901,000	<ul style="list-style-type: none"> <li>- Back wash filters</li> <li>- De-sludge clarifiers &amp; inlets</li> <li>- Remove screenings</li> <li>- Take flow meter &amp; hour meter readings</li> <li>- Make up stock chemical</li> <li>- Check sumps levels</li> <li>- Check reservoirs levels</li> <li>- Remove sand from wash out launder</li> <li>- Do machinery maintenance</li> <li>- Housekeeping</li> <li>- Weekly weighing of chlorine drums</li> <li>- Weekly brush clarifies</li> <li>- Cutting of grass</li> <li>- Collecting of samples</li> <li>- Clean clear wells weekly</li> <li>- Remove grit from grit channel weekly</li> </ul>	- Test done daily according to the SANS0241	<ol style="list-style-type: none"> <li>1. Shortage of personnel</li> <li>2. Shortage of funds</li> </ol>	
<b>Sewerage Purification Plant</b>	To, in terms of the approved operating budget, ensure that all registered households receive sewerage services according to the SANS0241	42 388 sewerage households Monthly	488 kl	R1,545,400	<ul style="list-style-type: none"> <li>- Desludging daily</li> <li>- C<sub>2</sub> Cylinder connected.</li> <li>- Grass cut</li> <li>- Chlorine/HTH dosing done</li> <li>- Scum pump cleaned &amp; lifted up</li> <li>- Unblock clarifiers</li> <li>- Trench dug to line up lagoon</li> <li>- Valves opened to let out sludge</li> <li>- Samples done</li> <li>- Fermentation tank released</li> <li>- Digesters drained</li> <li>- Valves changed</li> <li>- Unblocking of sledge pipe line pump</li> </ul>	Tests done daily according to the SANS0241	<ol style="list-style-type: none"> <li>1. Shortage of personnel</li> <li>2. Shortage of funds</li> </ol>	

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	TARGETS			Remedial Action
					Yearly Activities	Achievements	Challenges	
<b>Water Reticulation</b>	To, in terms of the approved operating budget, maintain the current infrastructure network up to the SANS0241 standard to ensure that all registered households receive clean, healthy purified water	To minimize the water loss of the Tlokwe City Council	General water complaints attended to 648	R1,556,500	-Broken meters replaced: 90 - New connections: 93 - Leakages repaired: 615 - Reticulation complaints attended: 47		- To get Promosa Ext 3 sewer pump station up & running. - Have a replacement program of the entire id block water mains. - To install third pump for Chris Hani Drive pump station. - To increase the amount of plumbers at Council. - To try & motivate Council employees to be more efficient. - Challenge Council to resolve issues surrounding chronic & ill personnel.	
<b>Sewer Reticulation</b>	To, in terms of the approved operating budget, ensure that all registered households receive sewerage services according to the SANS0241		No of sewer complaints attended to 232	R2,824,448	- Private blockages attended: 178 - Departmental blockages attended: 152 - New connections: 48		1. Shortage of personnel 2. Shortage of funds	

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	TARGETS			Remedial Action
					Yearly Activities	Achievements	Challenges	
Roads & Storm Water	To, in terms of the approved operating budget, ensure that Potchefstroom has safe drivable roads	To reduce the number of potholes on our streets	Average no of potholes reported – 50	R3,728,270	- Tar patching: 1416.07 m² - Gravel roads: 8.5 km - Storm water pipes cleaned: .614 km - Catch pits cleaned: 284.18m³	Potholes repaired: 161	- Time frame for repairing of vehicles & equipment, mainly due to waiting period to receive orders & the ordering & delivery period of parts, the above mentioned means that vehicles are out of production for long periods of time. - The non issuing of licenses if one truck does not pass its CF for roadworthiness. - The amount of potholes that occur after heavy rain falls. - The amount of tree leaves, soil & stones on roads, this leads to blockage of the stormwater system which has an enormous financial implication. - A big challenge is the amount of days taken of by personnel for sick leave. - Shortage of personnel.	



Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	TARGETS			
					Yearly Activities	Achievements	Challenges	Remedial Action
Urban Area	To, in terms of the approved operating budget, maintain the current infrastructure network up to NERSA standard to ensure that all registered households receive electricity	Electricity supplied to January 33 046 February 35 392 households	No of electricity complaints attended to 877	Budgeted: R11,122,306	<ul style="list-style-type: none"> <li>- Replace distribution boxes: 5</li> <li>- Repair distribution box: 3</li> <li>- Install stay insulations: 76</li> <li>- Power interruptions single: 3 536.</li> <li>- Power interruptions sections: 46</li> <li>- High voltage cable faults: 18</li> <li>- Low voltage cable faults: 28</li> <li>- Cable replaced: 658<sup>m</sup></li> <li>- Prepaid meters replaced: 324.</li> <li>- Poles replaced: 38.</li> <li>- Notices handed out: 258.</li> </ul>	<ul style="list-style-type: none"> <li>- Moorivier Beskerming installed new radio systems for the security systems.</li> <li>- 4 Panel vans delivered 2 LDV's delivered.</li> <li>- 1 x Electrician post interviewed</li> </ul>	<ul style="list-style-type: none"> <li>- Upgrade protection at Alpha Substation.</li> <li>- Upgrade security systems at main substations: Alpha Beta Gamma Delta and Epsilon</li> <li>- Tender Mlaung Village Electrification 300 stands</li> <li>- 132 kV Substation CBD</li> <li>- 132 kV Lines</li> <li>- Tenders for new vehicles.</li> <li>- Repair transformer no 2 at Gamma</li> <li>- Vacant posts to be filled:</li> <li>2 x Electricians</li> <li>1 x Streetlight attendant.</li> <li>3 x Artisan Assistant</li> <li>3 x General Workman</li> </ul>	<ul style="list-style-type: none"> <li>- CONCO appointed to do upgrade</li> <li>- Moorivier Beskerming Contractor (Rekohn) has started with work is on track.</li> <li>- Rekohn/Sizamekaar have started to install feeders to Makou Substation.</li> <li>- Contractor to be appointed.</li> <li>- 3 x 25 ton still need to be delivered(end of May 2010).</li> <li>- Advert for the vacant posts: 1 x Electrician</li> </ul>
					<p><b>STREETLIGHTS</b></p> <ul style="list-style-type: none"> <li>- Section faults: 34</li> <li>- Single faults: 138</li> <li>- Globes replaced: 1005</li> <li>- Install new fittings: 123</li> <li>- Replace contactors street lights and photo cells: 42</li> <li>- Repair cables: 18</li> </ul> <p><b>SEWERAGE WORK</b></p> <ul style="list-style-type: none"> <li>- Pumps/motors: 138</li> </ul> <p><b>WATERWORKS</b></p> <ul style="list-style-type: none"> <li>- Pumps/motors: 14</li> <li>- Repair overhead connection: 8</li> <li>- Cable used for construction: 59</li> <li>- Replace poles: 13</li> <li>- Assurance claims: 2</li> </ul>			

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	TARGETS			
					Yearly Activities	Achievements	Challenges	Remedial Action
Testing Division – Operational					<ul style="list-style-type: none"> <li>- Read meters – max demand: 831</li> <li>- Traffic lights globes changed: 105</li> <li>- Cable faults located: 13</li> <li>- Issued meters for connections: 39</li> <li>- Max demand meters installed: 11</li> </ul>			
Technical Division – Inspectorate					<ul style="list-style-type: none"> <li>- New single phase meters: 31</li> <li>- New 3 phase meters: 5</li> <li>- Change Kwh meters to prepaid: 58</li> <li>- Cable used for new connections: 713m</li> <li>- Circuit breakers changed: 32</li> <li>- New connections rural single phase: 1</li> <li>- Road crossings: 4</li> <li>- Disconnections on non-payments: 823</li> <li>- Reconnections on non-payments: 465</li> <li>- Follow-up disconnection list: 206</li> <li>- Follow-up reconnections: 159</li> <li>- Follow-up meter queries: 30</li> </ul>			
Finance Work Orders Attended To								

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	TARGETS			
					Yearly Activities	Achievements	Challenges	Remedial Action
Rural Areas				Budgeted: R544,940	<ul style="list-style-type: none"> <li>- Power interruptions single: 14</li> <li>- Power interruptions sections: 9</li> <li>- General complaints: 8</li> <li>- Install transformer new connection: 1</li> <li>- Cable replaced: 30 m</li> <li>- Poles replaced: 2</li> </ul>			
Mechanical Workshop Repairs	To, in terms of the approved operating budget, maintain the current vehicle fleet of the Council in a decent running condition			R749,190	<ul style="list-style-type: none"> <li>- Brakes overhauling: 59</li> <li>- Brakes Adjustment: 68</li> <li>- Replacement of clutch &amp; gearbox's: 9</li> <li>- COF'S of vehicles: 19</li> <li>- Services: 49</li> <li>- Breakdowns: 78</li> <li>- Jump start of vehicles: 87</li> <li>- Step ladder repairs: 4</li> <li>- Engine repairs: 12</li> <li>- Repair cylinder heads: 12</li> <li>- Engine overhaul: 7</li> <li>- Refuse compactors hydraulic repairs: 52</li> <li>- Crane hydraulic repairs: 115</li> <li>- Welding repairs: 53</li> <li>- Lawnmower serviced: 62</li> <li>- Lawnmower engine overhaul: 17</li> <li>- Lawnmower carburettors: 50</li> <li>- Wiring repairs: 64</li> <li>- Suspensions: 16</li> <li>- Starter repairs: 20</li> <li>- Alternator repairs: 21</li> <li>- Complete tractor rebuild: 0</li> <li>- Strip &amp; repair tyres: 127</li> </ul>		<ul style="list-style-type: none"> <li>- Shortage of personnel</li> <li>- Orders take longer than seven days to process</li> <li>- Procurement outsource services &amp; spares</li> <li>- Difficulties in obtaining spares for very old vehicles</li> <li>- Time lost due to sick leave</li> </ul>	

**Challenges:**

1. Conclusion of procurement processes.
2. Delays in the approval of grant funding by external funders.
3. Poor co-ordination of cross-cutting functions and unfunded mandates.
4. Excessive workload due to poor staffing and results in OHS risk.
5. Ageing infrastructure puts more pressure on the operations.
6. Customer/Personnel ratio completely out of balance e.g. 1 plumber per 7000 customers and 1 electrician per 3000 c customers.
7. No Career development/training.
8. Uniformity of application/poor by laws enforcement (meters/gulley traps etc).
9. Poor budgeting for invisible infrastructure.
10. Managing service losses due to poor staffing

**Remedial Action:**

1. Establishment of PMU.
2. Temporary relocation of some residents.
3. Hand excavation.
4. Finalization of sub division for relocation.
5. Delivery of Vehicles.
6. Advertisements of vacant posts
7. CONCO appointed to do upgrade.
8. Contractor has started with work and is on track.
9. Rekohn/Sizamekaar has started to install feeders to Makou Substation.

## DEPARTMENT HOUSING AND PLANNING

### Introduction

To ensure that integrated human settlement is provided in line with approved Spatial Development Framework and Land Use Management.

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial Action
Urban Efficiency and Spatial Planning	To formalize Township IKAGENG x 9	Proclamation of the township and opening of the Township Register.	Greenfields	No structures	R400 000	Submission of the final layout plan to the Surveyor General	Completion of specialist studies	Existence of the Dolomite	Undertake further dolomite studies
Urban Efficiency and Spatial Planning	To formalize Township IKAGENG Extension 8	Proclamation of the township and opening of the Township Register.	Greenfields	No structures	R400 000	Appointment of Service Providers	Budgetary allocation	ESKOM lines across the area	Negotiations with ESKOM
Urban Efficiency and Spatial Planning	To formalize Township IKAGENG Extension 11	Proclamation of the township and opening of the Township Register.	Informal Settlement	houses without security of tenure	R300 000	Submission of the final layout plan to the Surveyor General	Completion of specialist studies	Existence of the Dolomite	Undertake further dolomite studies
Urban Efficiency and Spatial Planning	To formalize Township IKAGENG Extension 12	Proclamation of the township and opening of the Township Register.	Informal Settlement	houses without security of tenure	R300 000	Submission of the final layout plan to the Surveyor General	Completion of specialist studies	Existence of the Dolomite	Undertake further dolomite studies
Urban Efficiency and Spatial Planning	To utilize the GIS as an information and planning tool	Consult with communities and experts to get proper information	No planning tool	Information is on intranet only	R500 000	Allocation of access to other users	Utilization of the GIS as an intranet connection and the extension of users.	Budgetary allocation, no funds for internet connection	To allocate funds in the 2010/11 Budget year
Urban Efficiency and Spatial Planning	To integrate the planning procedures of all areas of Tlokwe	Consult with communities and experts to get proper information	No integrated planning tool	Planning is based on old planning tools	R500 000	Approval of draft policies by the Council	Finalization of community consultation	Non-interest of communities in Ikageng and Promosa	Further consultation with the community

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial Action
Development of Ikageng Extension 3,5 & 6 for 1 635 houses (B.96090001)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	298 empty stands to construct houses	R16 272 290	R6 361 878	Completion of 100 foundations and 50 wallplates	Delay in subsidy approvals by the province	Negotiations and putting pressure on the province
Development of Developer Driven Individual Subsidy for 56 houses (B.01110001)	To complete all subsidy houses of good quality and give ownership to beneficiaries	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	15 empty stands to construct houses	R819 075	Registration of the project and houses with the NHBRC and subsidy admin	Completion of some dolomite studies and NHBRC enrollment sub-mission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin
Development of Ikageng Project 2000 for 2000 houses (B.96040028)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	140 empty stands to construct houses	R7 644 700	Registration of the project and houses with the NHBRC and subsidy admin	Completion of some dolomite studies and NHBRC enrollment sub-mission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial Action
Development of Ikageng Extension 7 for 1000 houses (B.04040010)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget	Empty Stands, no secured tenure	193 empty stands to construct houses	R10 538 765	Registration of the project and houses with the NHBRC and subsidy admin	Completion of some dolomite studies and NHBRC enrollment submission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin
Development of Kanana 5682 for 56 houses (B.04120003)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	9 empty stands to construct houses	R491 445	Registration of the project and houses with the NHBRC and subsidy admin	Completion of some dolomite studies and NHBRC enrollment submission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin
Development of Promosa Extension 2, Zone 1 for 176 houses (B.99070001)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	63 empty stands to construct houses	R3 440 115	Registration of the project and houses with the NHBRC and subsidy admin	Completion of some dolomite studies and NHBRC enrollment submission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial Action
Development of Ikageng Extension 4 for 732 houses (B.99020004)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	94 empty stands to construct houses	R5 132 870	Registration of the project and houses with the NHBRC and subsidy admin	Completion of some dolomite studies and NHBRC enrollment submission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin
Development of Sonderwater for 1000 houses (B.06020003)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	236 empty stands to complete houses	R12 886 780	R2 305 647	Completion of 100 foundations and 50 wallplates	Delay in subsidy approvals by the province	Negotiations and putting pressure on the province
Development of Ikageng/Promosa for 1000 houses (B.06020002)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	261 empty stands to complete houses	R14 251 905	R5 571 980	Completion of 100 foundations and 50 wallplates	Delay in subsidy approvals by the province	Negotiations and putting pressure on the province
Development of Ikageng/Promosa for 1000 houses (B.07040004)	To complete all subsidy houses of good quality and give ownership to beneficiaries.	Construction of good quality houses with secured tenure within the allocated budget.	Empty Stands, no secured tenure	737 empty stands to complete houses	R40 243 885		Completion of some dolomite studies and NHBRC enrollment mission	Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)	Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin



Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial Action
Development by Toro Ya Afrika at Extension 7 Ikageng for 1 500 houses	To facilitate the completion of subsidy houses of good quality and give ownership to beneficiaries.	Assist the provincial Dept of Human Settlement in identifying qualifying beneficiaries and contractors.	Empty Stands, no secured tenure	1 500 houses to complete by June 2010	R81 903 000	R20 476 875	Completion of 1 500 foundations and 1 450 completed houses	Illegal occupation of houses (untraceable beneficiaries)	Resolution and confirmation of occupation by the Council.
Development by Go-Direla at Extension 11 Ikageng for 1 000 houses	To facilitate the completion of subsidy houses of good quality and give ownership to beneficiaries.	Assist the provincial Dept of Human Settlement in identifying qualifying beneficiaries and contractors.	Empty Stands, no secured tenure	1000 houses to complete by December 2010	R54 605 000	R13 651 250	The completion of 800 foundations and 600 completed houses	The absence of skilled contractors and the existence of a floodline	Sub-contracting to other capable contractors and looking for alternative stands outside the floodline
Development by Keewaves at Extension 11 Ikageng for 1 000 houses	To facilitate the completion of subsidy houses of good quality and give ownership to beneficiaries.	Assist the provincial Dept of Human Settlement in identifying qualifying beneficiaries and contractors.	Empty Stands, no secured tenure	1000 houses to complete by December 2010	R54 605 000	R13 651 250	The completion of 200 foundations and 100 completed houses	The absence of skilled contractors and the existence of a floodline	Sub-contracting to other capable contractors and looking for alternative stands outside the floodline

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets		
						Yearly	Achievements	Challenges
Development by Aobakwe Louw (Mosa) at Extension 11 Ikageng for 1 400 houses	To facilitate the completion of subsidy houses of good quality and give ownership to beneficiaries.	Assist the provincial Dept of Human Settlement in identifying qualifying beneficiaries and contractors.	Empty Stands, no secured tenure	1 400 houses to complete by December 2010	R76 447 000	R19 111 750	The completion of 600 foundations and 200 completed houses	The absence of skilled contractors and the existence of a floodline
								Sub-contracting to other capable contractors and looking for alternative stands outside the floodline

#### Challenges:

1. Existence of the Dolomite
2. ESKOM lines across the area
3. Budgetary allocation, no funds for internet connection
4. Non-interest of communities in Ikageng and Promosa
5. Delay in subsidy approvals by the province
6. Registration of the project and houses with the NHBRC and subsidy admin (existence of dolomite)
7. Illegal occupation of houses (untraceable beneficiaries)
8. The absence of skilled contractors and the existence of a floodline

#### Remedial Action:

1. Undertake further dolomite studies
2. Negotiations with ESKOM
3. To allocate funds in the 2010/11 Budget year
4. Further consultation with the community
5. Negotiations and putting pressure on the province
6. Making all efforts to enroll the project and houses with the NHBRC and expediting subsidy admin
7. Resolution and confirmation of occupation by the Council.
8. Sub-contracting to other capable contractors and looking for alternative stands outside the floodline

## DEPARTMENT PUBLIC SAFETY

### Introduction

To ensure road safety and public awareness about road safety, fire fighting and disaster management

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
	Well effective Communication system	Render effective support to all relevant disciplines	Personnel shortage. Presently 6 permanent personnel appointed	R0.00	100% effective service delivery	Disaster Management Officer appointed	<p>The following positions not yet filled:</p> <ul style="list-style-type: none"> <li>Crisis Control Officer- Interviews was held and appointment is outstanding</li> </ul>	<p>Positions to be filled in the new financial year</p> <p>- Disaster Officer</p> <p>- Disaster Operations</p>
	Upgrade the Emergency Communication Centre and implement GIS	Effective Emergency Communication Centre with regards to call-taking and dispatching of all incidents	Current system has limited capabilities	R0.00	Draft specifications	Draft specifications in place	Lack of funding for the new system	Upgrade the system in the new financial year
	Coordination of events	Number of successful events as stipulated in the Events Bill	Control Unit not in Place	R0.00	100% effective with full strength of personnel	Command Unit fixed and ready for use, 34 safe events held: (cricket, rugby, athletics x2, church gathering, 2010 Fifa Soccer World Cup 11/06 – 11/07/2010)	Shortage of personnel in Disaster Management	New Structure proposed for Disaster Management

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
	Implement public Information and Education Awareness Programme (PIER)	Number of PIER programmes per annum 96 schools	No dedicated personnel to render the service, currently using fire fighters and reservists	R50 000	50% number of campaigns held	PIER conducted in four Primary schools:  - John Fourie - Bert Bricks - Buffelsvlei - Terror Pikane	No dedicated personnel for PIER	50 Disaster Management Volunteers appointment to assist
	Disaster Response and Recovery	Effective response to all disasters	Dedicated personnel shortage	Relief Fund in Mayor's office	100% response and recovery on the availability of personnel	Responded to 2 X incidents and provided relief (house fire in Promosa)	Personnel shortage	New Structure proposed
	Disaster Response and PIER Vehicles	Respond in time to ensure minimum impact in case of disasters and build capacity to enhance awareness	Rely on the old outdated vehicle	R350, 000	15% delivery of the vehicles	Procurement of the Response vehicle underway	No enough funds to procure both vehicles. Only response vehicle to be procured	Procure PIER vehicle in the next financial year
	Disaster Risk Assessment level 2 Plan	Develop the level 2 Plan in line with the Disaster Management Act and the National Framework	DM Plan Level 1 in place. Assistance by UNW and Dr KK	R0.00	15% delivery of the Plan	Level 2 Plan 90% complete	Level 2 plan not completed as planned	Plan to be finalized in the 1 <sup>st</sup> Quarter of the next financial year.

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
ADMINISTRATION								
To manage the provision of sound administrative support and process in the department	Administration of revenue collection	Reconciliation of all revenue items within the Ciprus and Vesta system	Ongoing		Reconciliation of all revenue items within the Ciprus and Vesta system	95 % of reconciliation finalised	?	Turn around time of 2 days from date of receipt of payment, unless circumstances are beyond the capability of the office
		100% of production of reports as per instruction of Council	Ongoing		Drafting of reports from Council instruction and other Committees.	Council reports submitted = 4  Council reports outstanding = 3	Report finalization is depending on other department comments before it could be considered finalized	Turn around time of 7 working days for a report to be finalised and presented
	Management of Traffic Collision system management	100% update of the accident bureau system	Ongoing		100% capturing of all accident report received from Traffic, SAPS and Provincial Traffic	100% of all accident report submitted finalised	Backlog was updated but workload of cashiers are increasing	Turn around time of 5 days for capturing of all accident report received
``	Administration of Court activities	100% of the administration and production of court roll at required intervals	Ongoing		Compilation of court rolls and submission to the Magistrate Courts for verification	100% of all required court rolls finalized and submitted to court	None	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
AMINISTRATION								
	Contract Management	Successful management of contract	Ongoing		12 meetings to be held in the year / 3 meetings set for the quarter	2 meetings was held	All issues can not be addressed at this level	12 meetings to be held in the next year
	Provision of administrative support	100% execution of instruction to section from Council, SMM and departmental meetings	Ongoing		Escalation of instructions and undertaking of administrative functions at different sections	100% admin support provided at Testing Station to realize appointments. Admin support provided at Traffic Services to realize revenue collection and finalise cases.  Admin support provided to Manager Public Safety and other offices to ensure office efficiency.	Capacity of admin personnel	Training
	Coordination of Departmental budget and verification of payment before authorisation by Manager	20% verification of payment before signature by the manager	Ongoing		Verification of payment excluding direct payment	20% verification of payment before signature by the manager	Not all payment could be verified due to non availability of all revenue system at the point of verification	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			Remedial Action
					Yearly	Achievements	Challenges	
TESTING STATION								
		100% undertake examination on all received application for the set period			Undertaking of examination on driver's licences	Output for the quarter is as follows: Applications received – 1926 Applicants tested – 1380 Applicant absent – 123 Applicants deferred – 29	Shortage of examiners and extension of the testing facility	Appointment of Three additional examiners and the extension of the facility
	Examination of learners licence	100% undertake examination on all received application for the set period	Ongoing		Undertaking of examination on learners licences	Output per quarter is as follows: Applications received – 1670 Applicants tested – 1219 Applicants absent – 84 Applicants deferred – 7	None	None
	Examination of vehicles	100% undertake examination on all received application for the set period	Ongoing		Undertaking of examination of vehicles	The following was the output for the quarter: Roadworthy application – 122 Roadworthy certified – 115	None	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TESTING STATION								
		25% (income should be R652,500)	Ongoing		R652,500 to be collected within the 3 <sup>rd</sup> quarter	The revenue generated of R1 404 112-25 against quarterly target of R652,500	None	None
	Payment to service provider (Prodiba)	100% undertake examination on all received application for the set period	Ongoing		Reconciliation of all payment received based on the Prodiba allocation	Weekly payments to Prodiba for the quarter amounted to R123 828.00 for all cards issued	The late delivery of cards by Prodiba is a challenge	Frequent follow up calls will identify any problems early
	Renewal of drivers license expires after 5 years	100% undertake examination on all received application for the set period	Ongoing		Processing of application received for renewals	Renewals for the quarter was 1760	None	None
	Report & Correspondence management	100% report all been submitted	Ongoing		100% report all been submitted	100% undertake examination on all received application for the set period 3 Monthly reports was done 1 Booking report was done 1 Report-back on SABS inspection was done	None	None



Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
LICENCING								
	Revenue collection	100% (based on previous Fin year R6.2 receipted (80% R4.6 20% R1)	Ongoing	-R6,000,000	Collection of revenue against Council's target for the quarter	Total revenue collected for Council R6 202 048-52 for the quarter	None	None
	Relocation to new building and implementation the Best Practise Model	70% finalizing the hand over and relocation planning / 100% Service Delivery on current	Ongoing		Relocation Plan in place	Progress in respect of relocation Plan:  - Applied for contract workers in order to update the backlog in filing  - 1 meeting held with Province: Outstanding payment to the contractors were done	Relocation Plan cannot be implemented as a result of outstanding matters regarding the handing over of the BPM building	The Provincial Department should finalise the handover of the BPM as a matter of urgency

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
LICENCING								
	Security awareness and training: ensure ongoing awareness with eNaTIS User Undertaking yearly	100% coordination of training	Ongoing		How are you going to do that 100% coordination of security awareness	100% coordination of security awareness done  - Do spot checks on cashiers  - Circulation of Legislative amendments  - Monthly staff meetings	Relocation to the new building will improve all security systems	None
	SLA/Drafted by DoT/ checked by legal experts / amended if necessary / report to Council / sign	70%/Final draft received, after negotiations and amendment as proposed by MPS, from DoT/ Report to Council and MM	Finalised		Consideration of draft SLA as received from Province. Submission of comments and signing of SLA	The SLA was signed on 16 March 2010 and is in place.	Awaiting BAS training from Province in order to comply with SLA directives of payment	Province needs to supply the necessary training
	Timeous payments to RTMC	100% (based on R290 000 dep. previous financial year)	Ongoing		Reconciliation of payment received based on the R36 per transaction required	100% of all required payment finalised	None	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TRAFFIC SERVICES								
To promote Road Safety and ensure a safe accident free environment on all roads within and under the jurisdiction of Tlokwe City Council	Law Enforcement	R6m / R1.5m	Ongoing		Quarterly- target in terms of production of traffic fine	Actual output against target	The shortage of manpower to attend to other related activities that deviate the priorities of the division to achieve the target, eg ; events.	The division is in the process of filling 5 Traffic Officers posts
					341 Camera: 45 000 341 Handwritten: 2400 56: 5400	341 camera: 23508 341 Handwritten: 5506 56: 4863  Revenue received: R3 302 634-00		

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TRAFFIC SERVICES								
	Road Safety Promotion, Education, Awareness and Campaigns	Under taking of road safety activities to reduce fatalities comparatively with previous years (Based on the projects identified by province)	Ongoing		Road Safety pamphlet distribution	In terms of the identified campaigns the following have been the input.	Currently no dedicated person for this function. The Current component with the functions at hand are unable to undertake this function effectively.	Appointment of a dedicated Road Safety Officer
					Arrive Alive National Campaign	Road Safety pamphlet distribution (2010 Soccer World Cup Campaign) = Two Traffic Officers were allocated over a period of one day.	There is no budgetary provision to undertake the function	
						Arrive Alive National Campaign (Easter Holidays) = 24 Traffic Officers were allocated over a period of 1 day		

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TRAFFIC SERVICES								
					Visible Policing	Visible Policing = Is a daily activity where all Traffic Officers are required to do sectoral patrol		
					Intergraded Law Enforcement Campaign	Three intergraded road blocks were held with SAPS, Provincial Traffic as follows: 12-13 April 2010 Soccer World Cup: 24 May – 30 June 2010		
	Towing services to be conducted	Based on the successful response to required towing for vehicle vs. unattended	Ongoing		This function is performed by private service providers when required	This function is manage by the SAPS in terms of any incident and accidents	Council does not have a suitable storage facility	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TRAFFIC SERVICES								
	Personnel training, refresher course and job enhancement training	Annual plan skills	Ongoing	R120 000	Prioritization of training and undertaking of Training of Officials	1 x newly appointed Traffic Officer completed training  12 Traffic Officers x Spanish Language lessons  5 Traffic Officer + MPS x advance driving course (Kyalami)  18 Traffic Officers x Vehicle approach and self defence	The training that is happening outside the scope of Departmental budget	The Department should get its own portion of Council's central training fund
	Tilos Management	Finalisation of all Tilos escalations received	Ongoing	100% of all Tilos escalations – correspondence, instructions, reports.	100% of all Tilos escalations		The system is slow	None
	Report production and handling of correspondence	Reports produced when necessary	Ongoing	100% of reports produced the were required	- Redundant vehicles report done - Loss Control Report of Minibus CGJ 700 NW report done		Reports require comments from other Departments and causes delay	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			Remedial Action
					Yearly	Achievements	Challenges	
TRAFFIC SERVICES								
	Events	100%	Ongoing		The following activities are undertaken during events:	12 Events were undertaken and the requirements were met regarding all required coordination		
					Attendance of JOG meetings	Local events: 10 (rugby, protest marches, marathon, gala dinner, prayer day, gunners memorial, 30 days countdown SWC		
					Submission of Events Operational Plan Traffic flow management	National events: Athletics, people buss trophy, trophy tour of rugby		
	Protective clothing	80%	Ongoing	R330,090	Tender was approved	International: SWC host city of Spanish team Services provider was appointed and procurement process was followed.	None	None
Contract Management	Successful management of contract	Ongoing		12 meetings to be held in the year / 3 meetings set for the quarter	1 meeting was held Specify month and date	All issues cannot be addressed at this level	3 meetings to be held in the next quarter	

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
FIRE BRIGADE								
	Management of revenue collection	25% based on the annual target  R55 000 for the 4 <sup>th</sup> quarter	Ongoing		Collection of revenue as per determined tariffs  - Call outs to emergencies and rescues  - Safety inspections  - Registrations of dangerous goods permits	An amount of R141 633 was collected	Appointment of fire safety inspectors and training official.	Appointment of fire and training officials
	Maximum attendance time to incidents within the Urban Area of 10 minutes with 12 fire fighters and 2 vehicles	100% attendance to all incidents on calls received in 10 minutes	Ongoing		100% attendance to all incidents on calls received in 10 minutes	70% of all calls attended as per objective  HOW MANY PEOPLE RESPONDED  How many need to response	Could not attend / comply with SANS code by attending to all calls within stipulated time due to shortage of personnel.	Additional personnel should be appointed.
	Maximum attendance time to incidents within the rural area of 12 minutes with 8 fire fighters and 2 vehicles	100% attendance to all incidents on calls received in 23 minutes	Ongoing		100% attendance to all incidents on calls received in 23 minutes	70% of all calls attended as per objective	Could not attend / comply with SANS code by attending to all calls within stipulated time due to shortage of personnel.	Additional personnel should be appointed.



Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
FIRE BRIGADE								
	Inspections on daily basis, safety inspections on a daily basis and law enforcement fire on fire safety compliance	72 scheduled inspections to be conducted per quarter  Planning: determine target as per how many properties	Ongoing		- Conducting procedural / scheduled safety inspections  - Conduct safety inspections on request	103 inspections conducted	-indicate challenges	-
	Assist DM in PIER program by providing personnel as instructors for the program	100% as per request	Ongoing		Conducting public awareness programs  At how many schools?	By assisting DM 242 learners were attended to.	No dedicated person available for this project	Appointment of a dedicated person for PIER programs
	Assist members of the Fire Protection Association on request with extinguishing grass fires	100% as per request	Ongoing		Assisting the FPA with :  - pre-burning  - climate information  - additional water supply for the extinguishing of fires	100% assistance were provided as per requests received	Coordination of activities of the FPA remains a challenge.  Appointment of Fire Prevention Officer  Must be followed up	Re-organization of the constitution of the FPA  See previous report
	Changes in specification for the procurement of second medium Bush Fire Unit	Submission of report to Council for the approval of the changes to specifications	Ongoing		Submission of report to Council for the approval of the changes to specifications	Awaiting result of Adjudication Committee  Get latest information	Outstanding resolution from Council	

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly Activities	Achievements	Challenges	Remedial Action
SECURITY								
Vision of the division	Procurement of Private Security Service Providers to effectively protect the Council	15% / submission of tenders	Ongoing	Drafting of tender specifications and submission through Council Supply Chain process.	New tender document was approved by Evaluation Committee and referred to MIM during December 2009. No progress since  Indicate performance  What happened information with Paul	Delay in finalization of tender	New and third tender document need to be submitted	
	Management of Private Security Service Providers	100% / Monthly meetings with security service providers; Monthly payment of service providers; coordinating physical security tasks	Ongoing		Managing of security contract through monthly contract management meeting.	2 contract management meetings held  Supply dates of the meeting		None
	To get control over the electronic security systems already deployed in the Council and to establish a central electronic security system and facility for Council	25% / prepare/compile contract with current electronic security service providers, enter into agreement with current electronic security service providers	Ongoing		Coordination of the electronic security function with all department with a view of centralizing the function  Update information Meeting is achievement	Meeting held with all stakeholders to share the need of centralization of the function one  Outcome of the meeting Capital projects to allocate funds for the project Tender document	Lack of funding	Allocation of funding and sharing of same vision regarding electronic security

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
SECURITY								
	The expansion of the CCTV camera system in the Potchefstroom CBD, Ikageng and Promosa to improve the combating of crime	25% / planning and monitoring the deployment of additional CCTV cameras only when approved by the Dr KKDM	Ongoing		Council approval was received  Business and motivation plan was forwarded to the Dr Kenneth Kaunda District Municipality to approve the proposed expansion as well as financial support to complete the project	Submission of motivated request to the Dr Kenneth Kaunda District Municipality	Awaiting approval by the Dr Kenneth Kaunda District Municipality	None
	Administration of gatherings to the Regulation of Gatherings Act, Act 205 of 1993	100%C Coordinating and planning of all proposed gatherings in Potchefstroom	Ongoing		The activities of this function are based on applications received	100% of all approved gatherings coordinated. Only two applications were received, approved and coordinated	None	None
	Report writing and submission	100% compilation and submission of required reports	Ongoing		100% of all required reports	100% of all required reports submitted  Indicate which reports	Support administrative capacity remains a serious challenge	None
	Prevention of and eviction of illegal land invaders and occupiers	100% - Patrolling and eviction operation when necessary	Ongoing		Weekly inspections done informers system in place.  Approximately 40 to 50 Families occupied a piece of terrain in the Highveld National Park illegally – this was reported to Department Housing and Planning  This must go to actual	Monitoring and inspections done	Department Housing and Planning is busy obtaining an official eviction court order to get the occupants evicted	Eviction and resettlement of illegal occupants

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
SECURITY								
Vision of the division	Procurement of Private Security Service Providers to effectively protect the Council	15% / submission of tenders	Ongoing	Drafting of tender specifications and submission through Council Supply Chain process.	New tender document was approved by Evaluation Committee and referred to MM during December 2009. No progress since	Delay in finalization of tender	None	
	Management of Private Security Service Providers	100% / Monthly meetings with security service providers; Monthly payment of service providers; coordinating physical security tasks	Ongoing		Managing of security contract through Monthly contract management meeting	3 contract management meetings held	Delay in the tender process	None
	To get control over the electronic security systems already deployed in the Council and to establish a central electronic security system and facility for Council	25% / prepare/compile contract with current electronic security service providers, enter into agreement with current electronic security service providers	Ongoing		Coordination of the electronic security function with all department with a view of centralizing the function	Meeting held with all stakeholders to share the need of centralization of the function one	Lack of funding	Allocation of funding and sharing of same vision regarding electronic security

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
SECURITY								
	The expansion of the CCTV camera system in the Potchefstroom CBD, Ikageng and Promosa to improve the combating of crime	25% / planning and monitoring the deployment of additional CCTV cameras only when approved by the Dr KKDM	Ongoing		Submission of report to Council for consideration in order to authorize the submission to Dr Kenneth Kaunda District Municipality	Awaiting approval by Council to submit a motivated application to the Dr Kenneth Kaunda District Municipality	None	None
	Administration of gatherings to the Regulation of Gatherings Act, Act 205 of 1993	100%C Coordinating and planning of all proposed gatherings in Potchefstroom	Ongoing		The activities of this function are based on applications received	100% of all approved gatherings coordinated	None	None
	Report writing and submission	100% compilation and submission of required reports	Ongoing		100% of all required reports	100% of all required reports submitted	Support administrative capacity remains a serious challenge	None
	Prevention of and eviction of illegal land invaders and occupiers	100% - Patrolling and eviction operation when necessary	Ongoing		Weekly inspections done	Monitoring and inspections done	Lack of support from Department Housing and Planning	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TRANSPORT								
A safe effective and efficient Transport System that provides accessibility to all communities and stakeholders and promote sustainable development in the Municipality	Finalization of the Integrated Transport Plan and implementation of identified related projects.	Presentation of the draft report with public participation comments to council for approval of the plan and consideration and reprioritization of related projects.	Ongoing	R1m	Submission of draft Transport Plan to Council for consideration and approval	Draft report produced and submitted. Awaiting approval from Council.	None	None
	Current Public Transport Records (CPTR)	25% coordination and facilitation of taxi meeting in support of the Regional Taxi Cooperatives and Conflict Management	Ongoing		Coordination in consultation with Province to introduce Current Public Transport Records (CPTR)	4 meetings coordinated were successful	Non-approval of Transport Plan has an impact in the Department undertaking this function. The Transport Plan must guide and direct this function	None
	Non Motorised Transport	25% awaiting approval of the Transport Plan	Ongoing		None (25% awaiting approval of the Transport Plan)	None		
	Road marking	25% coordination and tasking	Ongoing		Usage of the budget at quarter rate of 25% Budget allocation for the financial year R300,000-00	Currently spend R290 809-00	None	None
	Road signs	25% coordination and tasking	Ongoing		Usage of the budget at quarter rate of 25% Budget allocation for financial year R350,000.	Currently spend R335 251-00	None	None

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial Action
TRANSPORT								
	Evadication of backlog on road traffic signs and markings	25% source of funding		Ongoing	Submit report to Council with proposals for consideration and approval	Report submitted awaiting Council's recommendation	None	None
	Report production, tilos management and handling of correspondence	100% compliation and submission of required reports	Ongoing		100% of all required reports submitted	100% of all required reports	Support and administrative capacity remains a serious challenge	None

#### Challenges:

1. **Personnel:**  
Shortage of personnel in relation to operational requirements of 24 hour system  
Enhancement training required
2. **Equipment**  
Shortage of equipment (Road /Safety)  
Some equipments outdated (vehicle, radio system)  
Non user friendly vehicle ( condors not ideal for law enforcement)
3. **E Natis System**

#### Remedial Action

1. **Technical:**  
Personnel  
Outsourcing April 2010  
Urgent medical attention March 2010  
Lay offs where recommended
2. **Equipment**  
Acquire electronically operated equipment 2010/2011
3. **System**  
Introduce GIS system 2010/2011
4. **Legislative Environment**  
Compliance to legislation  
Opp requirements

## KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

### DEPARTMENT CORPORATE SERVICES

#### Introduction

Human Resource administration and policy development. Human Resource management.

### ANNUAL PERFORMANCE PLAN

EMPLOYMENT EQUITY & SKILLS								
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial action
Municipal transformation and Organizational Development	To provide training and development and implementation of Work Place Skills Plan/Policy according to legal requirements	150 personnel trained during the 2009/2010 financial year	None	R 550 000 (Training Budget)  LGSETA Mandatory & Discretionary Grants	Learnerships and attendance of training courses	47 employees trained	Unplanned training	Encourage training in line with the WSP
	Implement Tlokwe City Council's Employment Equity Plan	Comments given by EE & SD on all labour requests received by HR each month	None		Ensure EE targets are met	Equity Plan in place	Slow internal processes	
	Develop Workplace Skills Plan in line with LGSETA template	Train employees in line with the WSP	None		Draft WSP in place	Draft WSP submitted to LGSETA	Internal consultative process not complete	
	Ensuring participation by employees in EE & SD processes.	Monthly meetings of Equity and Skills development committee	None		4 meetings arranged	Only two meetings successfully held	Non-participation of other stakeholders creates difficulties	



## INFORMATION TECHNOLOGY

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Municipal transformation and Organizational Development	Review IT Strategy	Submission of reviewed IT strategy at end 4 <sup>th</sup> quarter	None		N/A	Not completed			
	Perform Desktop support.	Attendance to logged request within 1 working day	None		N/A	100% compliance	All call logged, have been attended to within the time frame		
	Support TILOS	Restore down-time within 1 working day of receipt of complaint	1 day		N/A	Cases reported, attended to within timeframe			
	Maintain Council's Network	Installation of updates on a daily basis	Daily		N/A	100% compliance			
	Support GIS server.	Restore down-time within 1 working day of receipt of complaint	1 day		N/A	No downtime report for GIS			
Institutional and Governance	Updating of Council website	Posting of documentation / information as per requirements and deadlines of the MFMA	None		N/A	Requirements met where information was made available		The availability of relevant information to post on the website.	In January 2010 a service provider appointed to operate website, and official within council sent for training to ensure collection and placement of information on website

## EMPLOYMENT ASSISTANCE PROGRAM

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Budget	Targets			
					Yearly	Achievements	Challenges	Remedial action
	To review HIV&AIDS policy	Amended policy submitted to SMM	Existing policy	N/A		Amendments drafted		-Present to CS meeting
	Revive HIV & AIDS Committee/Peer Educator programme	Peer Educator programme revived	Peer training incomplete	2008/2009		Training pending	Service provider reviewing programme content	Present new proposal -Impact analysis -KAP survey -Prevalence survey
	To develop Employee Health & Wellness policy	Developed draft	No policy	N/A		Draft EH&W Policy		-Presentation at CS meeting -Follow policy route
	Develop Program for awareness Sessions on health & wellness issues					-Life skills Workshops: 4 -Program ( Proposal on Employee health & wellness operation )		

**Challenges:**

1. Unplanned training
2. Slow internal processes
3. Internal consultative process not complete
4. Non-participation of other stakeholders creates difficulties
5. The availability of relevant information to post on the website.
6. Service provider reviewing programme content
7. Non compliance to time-frames regarding grievance handling by Management throughout the departments.
8. Training did not occur due to lack of budgeted funds.
9. Non compliance to time-frames by Management throughout the departments.
10. Incapacity of internal Management in handling disciplinary Hearings (Prosecuting & Chairing).
11. Lack of capacity by management staff.
12. Consistent postponements due to unavailability of SAMWU.
13. Lack of resources i.e. budget & staff.
14. The departments don't comply with HR policies & procedures, Shortage of competent staff
15. Delay from the role-players involved
16. No processes were in place to document time taken to process claim

**Remedial Action:**

1. Submit WSP
2. Encourage training in line with the WSP
3. Submit strategy to MM
4. In January 2010 a service provider appointed to operate website, and official within council sent for training to ensure collection and placement of information on website
5. Present to CS meeting
6. Present new proposal
  - Impact analysis
  - KAP survey
  - Prevalence survey
7. Presentation at CS meeting-Follow policy route
8. Compliance to response time.
9. Reduction of misconduct. Training/Referral.
10. Compliance to statutes and procedures
11. Fast tracking of training: Supervisors/ management.
12. Conducting of visits and workshops in all departments.
13. Fast tracking of Shop stewards training.
14. Require increase in HR budget
15. Date stamp to be bought and application claims to be stamped once received at pension office and proof of issuing to pension funds to be kept on file.

#### KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

##### DEPARTMENT FINANCE

###### Introduction

To ensure financial viability of the council to cover operating cost and capital requirements and the long-term sustainability of the organisation.

REPORTING FORMAT: STRATEGIC FOCUS AREA									
BUDGET PLANNING AND IMPLEMENTATION									
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Municipal Financial Viability and Management	Budget Process Plan	Submission of Budget Process Plan to Council, by	100% compliance		N/A		Achieved		
	Draft Budget	Submission of Draft Budget to Council, by	100% compliance		N/A		Achieved		
	Monthly Reports	Monthly Reports submitted to MM within 10 working days of next month	100% compliance		N/A		Achieved		
	Tariff Report	Tariff Report submitted to Council by	100% compliance		N/A				
	Approved Budget	Final Budget tabled for approval by	100% compliance		N/A				
	Adjustment Budget	Adjustment Budget tabled for approval by	100% compliance		N/A		Achieved		
	Annual Report	Annual Report	100% compliance		N/A		Achieved		
	Mid Year Performance Report	Mid Year Performance Report	100% compliance		N/A		Achieved		

**Challenges:**

1. Shortage of personnel
2. IT system not GRAP compliant
3. Other department's non compliant to legislation
4. Internal policies – not uniform
5. Procedures/delegations outdated
6. Meter reading- no standards set
7. Lack of dedicated electricians and plumbers
8. Lack of electronic meter reading
9. Managers not held responsible for own fin management
10. Bad Audit Report
11. Non adherence to Council policies – SCMP
12. Leave system not electronic
13. Structure not ideal
- 14 .Budget- IDP link
15. Poor security on assets, revenue, expenditure

**Remedial Action:**

1. Monthly Financial Statements – Short Term
2. Adjustment Budget – Medium Term
2. Final Budget – Medium to Long Term
4. Annual Financial Statements – Short Term
5. Management Report – AG – Short Term
6. Asset Register – Short Term
7. Training of Staff – Short Term
8. Appointment of Temporary Staff – Short Term

## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### SPEAKERS OFFICE

#### Introduction

Monitor and control the budget so that expenditure is in line with Council's requirements – committee/meetings Secretariat – Legal Advisory Services – General administrative and any other support services relevant to the main functions of the Speaker

REPORTING FORMAT: STRATEGIC FOCUS AREA									
Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Institutional and Governance	Manage Central Archives	Documents must be processed within three days after received @ central archives.	100% compliance	No backlog – from time to time.		1) 100%	1. We are now again the custodians of all tender documents received cataloging thereof in a register and safe-keeping of the tender documents.	1. Costly upgrading of systems. Down time and absence of key personnel leave illness.	Install new advanced fire fighting detection system at Archives.
						2) 100%			
						3) 100%			
						4) 100%			
							2. The control/-safe-keeping of all personnel files also being transferred to the Office of the Speaker.	2. Loss of information	
								3. Permanent loss of information.	

### REPORTING FORMAT: STRATEGIC FOCUS AREA

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Institutional and Governance	Printing services	Provision of material within five days of request.	100% compliance	No backlog – from time to time.		1) 100% 2) 100% 3) 100% 4) 100%	Upgrading of printing equipment.		Following the above the revision of the delegations as a matter of urgency.
Facilitation & development	Admin Support - Ward Committees	Provision of printing material for meetings.	100% compliance	No backlog		1) 100% 2) 100% 3) 100% 4) 100%			1. Maximise the acquisition of dedicated available funds to improve capacity and functionality of Ward Committees once the funding model for Ward committees is finalised and promulgated.  2. Provide continuous training and capacity building to all Councillors and Ward Committee members.

### REPORTING FORMAT: STRATEGIC FOCUS AREA

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets		
						Yearly	Achievements	Challenges
								3. Workshop and sell concept of community based planning to Councillors and community to be employed.
								4. Link with CDW issue
Institutional and Governance	Telephony services	Telephony and communication services are reliable and efficient.	Response to calls within five seconds.	No backlog.		1) 90% 2) 92% 3 95% 4) 100%	Upgrading of software telephone system.	
Institutional and Governance	Secretarial services	Correctness and accuracy of Agendas, minutes and resolutions.	1. Compile and distribute agendas five working days before meeting in terms of order  2. Write credible minutes within one week after meeting. Formulate credible resolutions and distribute immediately.	Evaluation Committee minutes of 4 December 2009 not completed yet.		1) 100% 2) 100% 3) 100% 4) 100%		Overspending of the budget.



## REPORTING FORMAT: STRATEGIC FOCUS AREA

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Institutional and Governance	Policy research and co-ordination.	Compliance of developed policies for adoption and promulgation initialised within month of receipt from departments.					Development of policies applicable to Speaker's Office i.e. Rules of Order, Establishment and Guidelines for Ward Committees.	1. Some Council by-laws and policies not legally enforceable.  2. No understanding from the community on the by-laws/tariffs of Council. Ignorance on the community's side on the policies and by-law/tariffs that Council must adhere to.	Appoint competent person to fulfill the role of Policy Researcher/Coordinator.
Institutional and Governance	Professional services ie translations, transcriptions, legal.	Credible recording of facts capable of withstanding legal processes.		No backlog.		99%	1. Development of systems/mechanisms to advance good administration i.e. RMS, Format of Reports, TMS, etc.  2. Good, current and dependable legal and other advice.	Political interference	1. Finalise structure.  2. Develop and advocate other means of holding a meeting i.e. electronically of teleconference.

## REPORTING FORMAT: STRATEGIC FOCUS AREA

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			
						Yearly	Achievements	Challenges	Remedial action
Facilitation & development	Consistently providing legal advice on various aspects of the law.	Submission of legal advice/ comments to departments requesting it and or at meetings.		No backlog.		100%			Advocate the establishment of a professional effective, reliable, well resourced legal unit at Corporate Service.
Facilitation & development	Community and public participation	Interactive sessions are recorded for all scheduled meetings.	80%	50% backlog.		50%			1. Utilise other resources i.e CDWs and other stakeholders to enhance public participation in governance issues.  2. Develop performance measurement system for Ward Committees and kickstart community satisfaction.
Institutional and Governance	Legal and secretarial support services to the Speaker and Council.	Action taken by MOS on transgressions i.r.o Code of Conduct by staff and Council-lors.	100%	None.		100%			Provide training to office bearers and chain persons of meeting to enhance effectiveness of meeting.

### REPORTING FORMAT: STRATEGIC FOCUS AREA

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets			Remedial action
						Yearly	Achievements	Challenges	
Institutional and Governance	Monitoring of outstanding reports to be submitted to Council.	Capturing and responding to instructions to submit reports.	Number of 100% actual outstanding reports <i>vis a vis</i> number indicated on report.	None.		100%			Devise systems and procedures to accommodate the issuing of instructions as well as the monitoring of the execution of resolutions as well as the adherence to instructions.
Institutional and Governance	Council Chamber management	Meetings are held in well prepared and equipped venues	100% Compliance	None.		100%			1. Procure new digital recording system for all meetings of Council.  2. Engage NWU (PUK Campus in the development of a language policy acceptable to all language groups
Institutional and Governance	Councillor orientation and support	Responding to training and other needs of Councillors.				100%		Redeployment and end of term of competent Councillors and filling of vacancies losing capacity to enhance good governance.	1. Workshop Councillors and officials on the separation of powers and functions of Council, Councillors and the administration

### REPORTING FORMAT: STRATEGIC FOCUS AREA

Strategic Objective	Measurable Objective	Performance Indicator	Baseline	Backlog	Budget	Targets		
						Yearly	Achievements	Challenges
								2. Following the above the revision of the delegations as a matter of urgency.
Institutional Governance	Messenger services	Ensuring delivery of documents	100%	None	Document within 2 days from receipt at archives.	100%		
	Managing electronic management system Tilos	Documents must be processed within 3 days after received.	100%	No backlog		100%	1. Very old record (some of them will be destroyed no longer available.  2. Time constraints and corruption of data.	

**Challenges:**

1. Insufficient Budget.
2. Lack of training
3. Filling of vacancies.
4. Personnel Shortages.
5. Timeously decision making.
6. Substandard performance of the establishment as a whole.
7. Lack of opportunity of upward mobility.
8. Poor response from Ward Councillors and lack of energy in some cases to fulfill/advance the role and function of Ward Councillors.
9. By-laws and policies not compliant to new dispensation and current legislation.

**Remedial Action:**

1. Development of business plans for implementation.
2. Alignment of plans with other spheres of government.
3. Respond to TAs.
4. Development of Municipality calendar.
5. Establish incentive policy.
6. Workshop Councillors on the separation of powers and functions and the administration.
7. Redeployment and term of competent Councillors and filling of capacity
8. CDW'S be placed in the Office of the Speaker
9. Appoint a competent research coordinator

## CONCLUSION

### Persisting challenges that reduce the efficiency of existing community engagement structures and processes include the following:

- Communities are not satisfied with the manner in which information about municipal affairs are filtered down to them.
- Communities are scattered over the vast area of the Municipality and do not attend meetings well.
- IDP and budget road shows are often used by the community as Imbizos (complaint sessions, rather than information gathering events).
- Structures need to be streamlined to translate community needs into Council discussion points.
- Ward committee members are not well trained and ward committee meetings are not always well advertised.
- There is an urgent need for communities to be informed and trained on key municipal processes; especially the Budget and IDP
- There is a huge influx of people from rural and farms, lesser developed areas to the municipal area, which put an additional burden on service delivery.
- Ward committees do not communicate capacity constraints of the municipality.
- A challenge in respect of **ward committees** is the functionality of some ward committees; especially the non-functionality of the ward
- Due to the communities and Ward Councillors lack of understanding of what the IDP involves, inputs submitted for inclusion in the IDP are not relevant to service delivery, e.g. KFC Franchise. Etc.

1. Council adopted a draft Performance Management Framework.
2. Key Performance Indicators set are sometimes not measurable, objective and relevant.
3. Insufficient capacity exists within the Office of the Municipal Manager to perform Performance Management Activities, especially the verification and monitoring of information.
4. The Compliance Manager is responsible for both the IDP and Performance Management, therefore segregation of duties is non-existent.
5. There is no compliance of the:
  - Municipal Finance Management Act
  - Municipal Systems Act
  - Municipal Performance Regulation

## **RECOMMENDATION**

The office of the Municipal Manager be well staffed

Performance Management Unit is staffed and operational.

Provide sufficient resources for filling of vacant post to address service delivery issues

Ensure that the Workplace Skills Plan (WSP) addresses the training needs of the departments as identified during the skills audit and strategic planning session.

That Council finalise the draft Performance Management Framework Policy for purposes of Monitoring and Evaluation



## CHAPTER 3

# HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT



The role of Human Resources Management (HRM) within the City can be categorized as:

1. Strategic Human Resource Management where human resources practices that drive and support the City's organizational strategy are identified and structured.
2. Human Resource Service Delivery, which involves the design and delivery of human resource processes for staffing, training, appraising, rewarding and general managing of the life cycle of employees throughout the organization.
3. Employee Commitment – facilitating capacity building of managers to have the required skills, knowledge and competence to manage their staff effectively.
4. Change Management, through facilitation of problem identification and helping the management team to develop and implement appropriate solution and action plans.
5. Develop policies to be effective and efficient for municipal human capital and resources.
6. Provide for excellent human relations in the municipality.

The Tlokwe City Council has a total workforce of 1,083.

The actual personnel cost contributes 33,2% of the Tlokwe City Council budget.

**The table provides the budgeted posts in the Tlokwe City Council**

Department	2008/9	2009/10
Executive Mayor	11	17
Office of the Speaker	30	33
Municipal Manager	15	11
Budget and Treasury Office	72	76
Public Safety	146	146
Corporate Services	82	78
Infrastructure	271	273
Community Services	429	410
Housing and Planning	30	32
Economic Development	7	7
<b>TOTAL</b>	<b>1093</b>	<b>1083</b>

The City Council's Capacity Development and skills development programme are NQF aligned.

The City Council values stability in the workplace and through the Local Labour Forum, all labour related issues are resolved between the Employees and the different trade unions.

The following tables represent information on the pension funds and medical aid schemes in existence in Tlokwe City Council.

**Pension Funds:**

Name of Fund	No of Members
South African Local Authorities Pension Fund	61
Potchefstroom Municipal Retirement Fund	513
SAMWU National Provident Fund	93
Municipal Employees Pension Fund	165
Municipal Gratuity Fund	119

**Medical Aid Schemes:**

Schemes	Membership
Keyhealth	144
Bonitas	151
Hosmed	81
LA Health	33
SAMWUMED	199

Post retirement Health Care benefit liability: R 15,548,405

The following table illustrates trends in personnel expenditure in the last five years:

Year	Personnel Expenditure R	Total Operating Income R	%
09/10	188,946,479	693,917,858	27.2
08/09	153,249,960	491,314,969	31.2
07/08	134,548,118	403,913,527	33.3
06/07	122,732,677	373,260,827	32.9
05/06	116,039,894	341,323,351	34.0

\* Including grants received in the operating income

### Breakdown in Personnel Expenditure for 2009/10

Description	Budget 2009/2010	Actual 2009/2010
Salaries	113,019,820	102,920,455
Contribution: Pension Fund	24,587,981	21,142,792
Contribution: Insurance	5,589,863	5,534,616
Medical Aid Fund	8,093,251	9,264,902
Provision: Bonuses	7,996,683	8,463,375
Provision: Leave	2,520,355	2,519,355
Stand-by Service	1,350,680	1,706,009
Housing and Allowance	2,739,258	2,601,769
Protective Clothing	1,459,092	1,132,021
Overtime Remuneration	2,494,000	9,503,429
Temporary/ Project Workers	2,515,644	488,066
Supervisors	124,158	435,161
Reservists	832,500	536,350
Transport Allowance	5,582,689	7,149,775
Provision for post retirement benefits	0	15,548,405
	178,905,974	188,946,480



## CHAPTER 4

# MUNICIPAL FUNCTIONAL SERVICE DELIVERY

FUNCTIONAL SERVICE DELIVERY REPORTING				
EXECUTIVE MAYOR				
ADMINISTRATION				
DETAIL		TOTAL		
Overview:	The Administration must render a support to the Executive Mayor to fulfil all his executive duties.		Budget R	Actual R
Activity:	The function of Administration Executive Mayor within the municipality is administered as follows:	Revenue Expenditure	0 12,383,752	0 11,724,296
	Fulfill all legal and constitutional obligations. Adhere to and implement all Council policies and regulations. Administer all Mayoral Committee functions. To develop and implement Council policies. Monitor and control the annual budget.			
	<b>Programme Objectives</b>			
	The department must act on high priority projects for Council. Lead all stakeholders in the strategic and political direction of Council. Adhere to all Council policies and regulations.			
	<b>Challenges</b>			
	Shortage of key personnel. Budgeting constraints. To align Council equity plan.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Executive Mayor personnel:		3,300,647	3,087,375
	- Managers	5		
	- Senior Management	3		
	- Middle Management	4		
	- Clerical	1		
	- Other			
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			1,468,709	83,000
<b>Key Performance Indicators</b>				
To improve service delivery to the community of Potchefstroom. To alleviate poverty and create more job opportunities. To attract investments from external investors. To give political guidance and leadership.				

GENDER AND YOUTH				
DETAIL		TOTAL		
Overview:	The administration must render support to the Gender and Youth of this community		Budget R	Actual R
Activity:	The function of Gender and Youth within the municipality is administered as follows:	Revenue Expenditure	0 39,176	0 12,214
	Monitor and control budget To adress transversal issues			
	<b>Programme Objectives</b>			
	To provide an effective and efficient service to the different social groups with special consideration for women and youth.			
	<b>Challenges</b>			
	Shortage of staff Budget constraints Lack of resources for community development			
Analysis of the Function:	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Communication personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	28,076	4,842
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To enhance Gender and Youth development To develop leaders for the future			

DONATIONS				
DETAIL		TOTAL		
Overview:	To administer Grants-in Aid and Donations.		Budget R	Actual R
Activity:	The function of Grants-in Aid and Donations within the municipality is administered as follows:	Revenue Expenditure	0 225,000	0 218,345
	Monitor and control all grants-in-aid and donations made by Council.			
	Programme Objectives			
	Implement and manage a donation fund.			
	Challenges			
	Limited funds.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Grants-in Aid and Donations personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			
	To assist the destitute and needy.			

COMMUNICATION				
DETAIL		TOTAL		
Overview:	All activities of branding, public relations and marketing of the City as well as assisting in all activities of the Mayor.		Budget R	Actual R
Activity:	The function of Communication within the municipality is administered as follows:	Revenue Expenditure	0 2,551,063	156,431 2,703,150
	<p>Write speeches for the Executive Mayor or his representative at official functions.</p> <p>Official photography of Council activities.</p> <p>Compile and design the agenda newsletter on a monthly basis.</p> <p>Media management: statements, press sessions and liaising with the media.</p> <p>Branding at all official activities of Council.</p> <p>Disseminating relevant Council information to both internal and external audiences. - Colleagues and the general public.</p>			
	<b>Programme Objectives</b>			
	<p>Attract direct investments to Potchefstroom by participating in high level negotiations.</p> <p>Create and maintain good relations between Council and other spheres of government as well as local, national and international communities.</p> <p>Market and communicate the council's strategies, objectives and initiatives to local and provincial government and other stakeholders.</p>			
	<b>Challenges</b>			
	<p>Poor despondence of media to events of municipality.</p> <p>Few media houses that could assist in transferring information to the community.</p> <p>Shortage of staff.</p> <p>Lack of resources for community liaison purposes.</p>			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Communication personnel:		1,169,924	1,161,712
	- Managers			
	- Senior Management	1		
	- Middle Management	2		
	- Clerical			
	- Other			
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
<p>Media management.</p> <p>Public relations matters of the municipalities.</p> <p>Internal and external communication management.</p> <p>Marketing the services of the municipality.</p> <p>Marketing the municipality to outside investors.</p>				



FUNCTIONAL SERVICE DELIVERY REPORTING				
OFFICE OF THE SPEAKER				
ADMINISTRATION				
DETAIL		TOTAL		
Overview:	General administrative and other support services		Budget R	Actual R
Activity:	The function of the Administration of the Office of the Speaker is administered as follows	Revenue Expenditure	0 5,000,904	0 5,040,256
	<p>Central archiving, record-keeping services and mailing.</p> <p>Compliance with legislation with regard to the safekeeping of records and other specific items.</p> <p>To provide accurate updated information on legitimate requests received from any other directorate.</p> <p>Provide messenger services relevant to the activities of the Office of the Speaker.</p> <p>Management of the availability of required venues to be utilised by the Speaker i.e. community halls, Council chambers etc.</p>			
	<b>Programme Objectives</b>			
	<p>To provide central archiving, record keeping and mailing services.</p> <p>Distribution of Council agendas.</p>			
	<b>Challenges</b>			
	Loss of information and implementation of policies and by-laws.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration of the Office of the Speaker personnel:		4,937,838	5,114,366
	- Managers	1		
	- Senior Management			
	- Middle Management	3		
	- Clerical	7		
	- Other	11		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		1,459,923	1,455,181
	<b>Key Performance Indicators</b>			
	<p>General administrative and other support services to enhance the main functions of the speaker</p> <p>Committee / meetings Secretariat</p> <p>Legal advisory services</p>			

OFFICE OF THE SPEAKER				
DETAIL		TOTAL		
Overview:	General administrative and other support services relevant to the main functions of the Speaker.		Budget R	Actual R
Activity:	The function of Office of the Speaker within the municipality is administered as follows	Revenue Expenditure	0 2,113,808	0 2,019,839
	Programming and co-ordinating the central diary of Council activities and meeting dates. The preparation of documents and execution of administrative tasks subsequent to meetings. General document processing. To ensure that there is legal compliance to legislation, precedence and authoritative guidelines.			
	<b>Programme Objectives</b>			
	To facilitate and administer council meetings. Training of officials, Portfolio and Ward Committee Members. To provide legal and secretarial support to the speaker.			
	<b>Challenges</b>			
	Training Councillors and Ward Committee Members. Poor Public participation.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Manager of the Speaker personnel:		1,438,941	1,412,595
	- Managers			
	- Senior Management			
	- Middle Management	3		
	- Clerical	4		
	- Other	1		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		64,600	64,600
	<b>Key Performance Indicators</b>			
	Establishment and effective functioning of Ward Committees. Policy development. Community involvement and public participation.			

GENERAL EXPENSES OF COUNCIL				
DETAIL		TOTAL		
Overview:	Councillor orientation and support.		Budget R	Actual R
Activity:	The function of Councillors Remuneration within the municipality is administered as follows	Revenue Expenditure	1,200 23,051,983	0 21,839,322
	<p>To give effect to the establishment notice for Ward Committees.</p> <p>Train, capacitate ward committee members, and other support services.</p> <p>To technically assist Speaker in monitoring performance of Ward Committees.</p> <p>Councillor Orientation and Support.</p> <p>Identify, facilitate and co-ordinate Councillor training requirements.</p> <p>To manage and assist Councillors with regard to Councillor remuneration, benefits, allowances, transport arrangements, cell phone arrangements, etc.</p> <p>To provide technical support to the Disciplinary Committee and Speaker with regard to activities related to the Code of Conduct for Councillors and the Rules of Order.</p> <p>Facilitate interactions between inputs from ward committees and the community to ensure effect is given to public participation processes and response by the executive and administration in.</p>			
	<b>Programme Objectives</b>			
	Administrative support to Councillors and Ward Committee members.			
	<b>Challenges</b>			
	Insufficient office space for Ward Councillors to administer community issues.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration of the Office of the Speaker personnel:			
	- Councillors	42	10,681,293	10,677,958
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		235,100	3,464,666
	<b>Key Performance Indicators</b>			
	Code of conduct for Councillors.			

OFFICE OF THE WHIP				
DETAIL		TOTAL		
Overview:	To administer the political office of the Whip		Budget R	Actual R
Activity:	The function of the Administration of Office of the Whip within the municipality is administered as follows:	Revenue Expenditure	0 1,465,918	0 1,376,747
	Arrange meetings for Councillors Host guests of other political parties Smooth running of the Administration office Community consultation via this office			
	<b>Programme Objectives</b>			
	Assist the political party in it's mandate to the community			
	<b>Challenges</b>			
	Capital funding for the renovation of offices			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Office of the Whip personnel:		1,137,960	1,114,470
	- Managers	1		
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	1		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To manage and oversee all the Councillors To implement the mandate of the ruling party			

FUNCTIONAL SERVICE DELIVERY REPORTING				
MUNICIPAL MANAGER				
ADMINISTRATION				
DETAIL		TOTAL		
Overview:	The Municipal Manager is required to lead and direct the administration aspects of the Municipality, account to the Council and work towards the fulfilment of the objects of local government as described in the Constitution of the Republic of South Africa.		Budget R	Actual R
Activity:	The function of Municipal Manager is administered as follows	Revenue Expenditure	2,650,000 9,296,109	0 10,019,866
	Managing the interface between management and the political executive by attending regular Mayoral Committee meetings and Council meetings. Regular management meetings with Managers. Monitor and control the budget so that expenditure is in line with requirements and the IDP. Adhere to all Council- and other sectoral binding policies and procedures. Manage Council resources in an efficient and effective manner.			
	<b>Programme Objectives</b>			
	Tlokwe City Council is managed on sound principals to ensure efficient and effective service delivery in an accountable manner. Capacitate the Municipal workforce through skills development and best practices.			
	<b>Challenges</b>			
	Physical infrastructure and housing backlogs. Human Resources development influenced by budget constraints.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Municipal Manager personnel:			
	- Managers	2		
	- Senior Management			
	- Middle Management			
	- Clerical	3		
	- Other			
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			8,200	7,527
	<b>Key Performance Indicators</b>			
	Annual review of the IDP.			
	Monitor and control the budget.			
	Submission of monthly, quarterly and annual financial reports.			
	Performance Management System.			
	Signing of contracts with Senior Managers			

IDP AND PMS				
DETAIL		TOTAL		
Overview:	The Strategic Management section is required to administer all special projects that the Municipality has undertaken.		Budget R	Actual R
Activity:	The function of Strategic Management within the municipality is administered as follows:	Revenue Expenditure	0 826,645	0 778,825
	<p>Co-ordination of the annual review of the Council's IDP.</p> <p>Integration of the IDP with the budget and the performance management system.</p> <p>Development of organisational- and Section 57 KPI's.</p> <p>Development of an enterprise-wide Geographic Information System (GIS) for Council.</p> <p>Promoting co-operative governance by attending District and provincial IDP workshops and forums.</p> <p>Integration of sectoral plans and facilitating the development thereof.</p> <p>Presentations on the IDP to the Council and any of its forums as well as any external stakeholder.</p>			
	<b>Programme Objectives</b>			
	To support integrated and coordinated decision-making in pursuit of sustainable development based on innovation and community and stakeholder participation.			
	<b>Challenges</b>			
	<p>Promotion of effective public participation in the IDP/Budget process.</p> <p>Development of non-financial key performance indicators.</p>			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Strategic Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	942,099	913,253
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	<p>Annual review of the IDP.</p> <p>Implementation of the Performance Management System.</p> <p>Development of Departmental KPA's linked to the IDP (Departmental Scorecards)</p> <p>Compilation of the Section 46 report.</p>			

VALUATION SERVICES				
DETAIL		TOTAL		
Overview:	Provide a comprehensive tax base management and property tax related valuation as well as an ad - hoc valuation service to Tlokwe City Council.		Budget R	Actual R
Activity:	1.The function of tax base management and property tax valuation is administered as follows:	Revenue Expenditure	0 2,226,512	219 2,123,763
<p><b>1.1.Tax base management</b></p> <p>Continuous administrative updating of Councils Official Valuation Roll and internal hard copy files from monthly deeds office info and other sources</p> <p><b>1.2. Supplementary valuations.</b></p> <p>1.2.1.Do inspections, update internal records and do valuation on all fixed property due to new buildings, additions, reasoning, sub-divisions, consolidations etc.</p> <p><b>1.3. Periodical General valuations.</b></p> <p>Establishing the prescribed official periodical General Valuation Roll to Council.</p> <p>The strategic objectives of these functions are to:</p> <p>Provide Council with a legally sound and updated tax base to be used as a major income source.</p> <p><b>2.The function of an ad hoc valuation service within the municipality is administered as follows and includes:</b></p> <p><b>2.1.Ad hoc valuation service</b></p> <p>Doing market research on property related issues and applying these data and norms to ad hoc valuation requests from other departments in Council.</p> <p><b>2.2. Property rental advisory service</b></p> <p>Doing market research on property related issues and applying these data and norms to ad hoc valuation requests from outside clients</p> <p><b>Programme Objectives</b></p> <p>Provide Council with updated and property related information to make economical sound and objective decisions relating to property , as well to provide a service to clients/ratepayers based on Batho Pele principles.</p> <p><b>Challenges</b></p> <p>Implementation of the Property Rates Act</p>				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all City Valuer personnel:		1,781,677	1,809,107
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	3		
	- Other	1		
Capital			Budget	Actual
Projects			0	0
Key Performance Indicators				
Adressing complaints from the consumers during the valuation process				

# FUNCTIONAL SERVICE DELIVERY REPORTING

## BUDGET AND TREASURY OFFICE

### BUDGET PLANNING & IMPLEMENTATION

DETAIL		TOTAL		
Overview:	To provide effective and efficient budget planning and contribute a linkage to the integrated development planning of the City Council of Tlokwe.		Budget R	Actual R
Activity:	The function of Budget Planning & Implementation within the municipality is administered as follows:	Revenue Expenditure	0 497,190	0 16,000,399
	Compiling of annual Municipal Budget (operational & capital) in terms of the MFMA. Managing in-year early warning reporting system. Compiling of the annual adjustment budget according to the MFMA.			
	<b>Programme Objectives</b>			
	To provide Council with a comprehensive annual budget that is linked to the integrated development plan. To monitor the spending patterns according to the service delivery budget implementation plan.			
	<b>Challenges</b>			
	New Budget regulations to be implemented in a short space of time			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Budget Planning & Implementation personnel:		823,060	16,366,814
	- Managers	1		
	- Senior Management	1		
	- Middle Management			
	- Clerical			
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Compiling of annual Municipal Budget (operational & capital) in terms of the MFMA. Compilation of the mid-year budget according to the MFMA. Monitoring and managing the budget on a monthly basis. Monthly reporting to National and Provincial Treasury. Compilation of Annual Report. Reporting on mid-year performance assessment. Compiling of the Service Delivery Budget Implementation Plan.			



FINANCIAL MANAGEMENT				
DETAIL		TOTAL		
Overview:	To provide financial information and management services. Manage all investments: assets and liabilities.		Budget R	Actual R
Activity:	The function of Financial Management within the municipality is administered as follows:	Revenue Expenditure	79,453,688 54,711,286	122,810,870 77,830,656
	Compilation of annual financial statements. Manage the accounting procedures: Income and Expenditure. Servicing all external loans and other financial commitments. Monthly reporting on cash flow and financial management system. Finalisation of tenders through the supply chain management unit.			
	<b>Programme Objectives</b>			
	Provide accounting and financial management services to the Council and National Treasury.			
	<b>Challenges</b>			
	Shortage of experienced and skilled personnel.			
	In house training for the financial staff			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Financial Management personnel:		3,791,479	3,404,373
	- Managers			
	- Senior Management	1		
	- Middle Management	2		
	- Clerical	13		
	- Other	2		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		9526	9526
	<b>Key Performance Indicators</b>		<b>Target</b>	<b>Achieved</b>
	Compilation of monthly financial statements and reports. Payment of monthly salaries. Payments to creditors.			

REVENUE MANAGEMENT				
DETAIL		TOTAL		
Overview:	To have a transparent financial control and cash management system.		Budget R	Actual R
Activity:	The function of Revenue & Debt Management within the municipality is administered as follows:	Revenue Expenditure	0 6,877,702	363,675 6,728,969
	Preparing the municipality's annual revenue budget for basic services. Exercise control over the municipal revenue collection in conjunction with the credit control policy. Managing the monthly suspension of municipal services of defaulters. Manage the process of arrear debtors and legal aspects. Manage the integrated consumer billing system. Finalise the monthly meter reading process prior to billing of consumer accounts.			
	<b>Programme Objectives</b>			
	Implement and manage an indigent grant system. Maximise revenue collection for services rendered.			
	<b>Challenges</b>			
	Shortage of experienced staff. Monitoring of meters(water and electricity)			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Revenue & Debt Management personnel:		6,132,218	6,011,081
	- Managers			
	- Senior Management			
	- Middle Management	4		
	- Clerical	19		
	- Other	18		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		700,171	40,446
	<b>Key Performance Indicators</b>			
	Debt management and customer care			

GOVERNANCE				
DETAIL		TOTAL		
Overview:	Managing financial systems and render financial training to staff. Implement and monitor treasury norms and standards.		Budget R	Actual R
Activity:	The function of Financial Governance within the municipality is administered as follows:	Revenue Expenditure	0 2,110,278	0 2,123,560
	Develop financial and budget norms and standards in consultation with National and Provincial Treasury.			
	Develop the fraud prevention and risk management plan.			
	Submitting monthly, quarterly and yearly reports to National and Provincial Departments.			
	<b>Programme Objectives</b>			
	Develop and implement a fraud prevention and risk management plan for the municipality.			
	Develop financial capacity and training within the department of finance.			
Analysis of the Function:	<b>Challenges</b>			
	To improve individual skills in the department.			
	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Financial Governance personnel:		2,069,537	2,085,975
	- Managers	1		
	- Senior Management	1		
	- Middle Management			
	- Clerical	1		
	- Other	1		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		17,701	17,053
	<b>Key Performance Indicators</b>			
	Administration of Audit Committee Meetings.			
	Implementation of reports and resolutions.			
	Attend Council and Senior Management meetings.			
	Annual audit report from AG Office.			

ASSET MANAGEMENT				
DETAIL		TOTAL		
Overview:	Managing of all moveable and immovable assets of the City Council.		Budget R	Actual R
Activity:	The function of Asset Management within the municipality is administered as follows:	Revenue Expenditure	0 17,741	1,800 1,845,642
	Manage the assets of the institution according to the MFMA. Manage the investment portfolio. Procure all goods and services. Manage the operations of all bank accounts and cashbook of the municipality. Manage the identification, classification and recording of all assets as well as revaluation of all non-current assets. Manage the insurance portfolio			
	<b>Programme Objectives</b>			
	Manage an asset management system. Procure goods and services for the Stores section			
	<b>Challenges</b>			
	To manage council assets to norms and standards.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Asset Management personnel:		1,904,559	1,890,219
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	5		
	- Other	3		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		37,716	37,716
	<b>Key Performance Indicators</b>			
	Managing of investments and loans.			

ASSESSMENT RATES				
DETAIL		TOTAL		
Overview:	Property valuation determines the assessment income for the City Council.		Budget R	Actual R
Activity:	The function of Assessment Rates within the municipality is administered as follows:	Revenue Expenditure	77,464,960 167,632	73,776,605 167,632
	All properties are assessed by the valuation department.			
	<b>Programme Objectives</b>			
	Collect income based on assessment rates from the community.			
	<b>Challenges</b>			
	Valuation of properties Municipal borders of Potchefstroom have increased. Lack of experienced personnel.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Asset Management personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Levying of assessment rates to all consumers.			

FUNCTIONAL SERVICE DELIVERY REPORTING				
PUBLIC SAFETY				
TESTING STATION				
DETAIL		TOTAL		
Overview:	The Testing Station is managed according to SABS codes.		Budget R	Actual R
Activity:	The function of the Testing Station within the municipality is administered as follows:	Revenue Expenditure	2,610,000 3,511,557	4,713,442 3,168,799
	Road Worthiness Learners Licences Drivers Licences			
	Programme Objectives			
	Test motor vehicles for roadworthiness. Test applicants for learner and driver's licenses.			
	Challenges			
	Shortage of experienced personnel.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Testing Station personnel:		2,538,101	2,409,494
	- Managers			
	- Senior Management			
	- Middle Management	3		
	- Clerical	6		
	- Other	7		
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			
	Testing of driver's licences Testing of learner licences Roadworthiness certificates			

LICENSING				
DETAIL		TOTAL		
Overview:	Registration and licensing of motor vehicles.		Budget R	Actual R
Activity:	The function of the Licensing Section within the municipality is administered as follows:	Revenue Expenditure	3,130,000 2,542,964	5,528,555 2,436,471
	The function of Licensing within the municipality is administered as follows and includes:			
	Registration and licensing of motor vehicles			
	Issue of Business licences			
	Issue of permits for Informal Trading Stands			
	Daily payment to the Department of Transport			
	<b>Programme Objectives</b>			
	Enhance the agency for licensing and clearance certificates.			
	<b>Challenges</b>			
	Inadequate building facilities.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Licensing personnel:		1,920,237	1,916,510
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	3		
	- Other	7		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Renewal of motor vehicle licenses as per agreement with Provincial Government			

TRAFFIC SERVICES				
DETAIL		TOTAL		
Overview:	To promote road safety and enforce traffic laws and regulations.		Budget R	Actual R
Activity:	The Traffic Services functions of the municipality are administered as follows:	Revenue Expenditure	12,210,000 14,524,695	24,487,015 15,008,947
	Monthly operations Payments received during TCS monthly roadblocks Abnormal loads - escorts Marathon Effectiveness of traffic fines collection Reservist Programme (Scholar Patrol) Develop a yearly public training and road safety program Conduct arrive alive projects Road blocks Special operations Points duty reservist school programme Robots not functional Animals on road HMTV lost freight Court attendance Escorts			
	<b>Programme Objectives</b>			
	Enforce the law and minimize traffic violations.			
	<b>Challenges</b>			
	Shortage of staff			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Traffic Services personnel:		9,227,237	8,825,761
	- Managers			
	- Senior Management	1		
	- Middle Management	5		
	- Clerical	19		
	- Other	9		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		6,943,528	4,383,858
	<b>Key Performance Indicators</b>			
	Ensure law enforcement function in the greater Potchefstroom district.			



FIRE SERVICES				
DETAIL		TOTAL		
Overview:	To operate an effective fire fighting and other support services relevant to the main function of Fire Services.		Budget R	Actual R
Activity:	The Fire Services functions of the municipality are administered as follows:	Revenue Expenditure	22,000 11,014,018	306,497 10,526,545
	Operational fire fighting Rescue services Special services Fire safety inspections Fire Reservist programme			
	Programme Objectives			
	Reduce fire losses and provide humanitarian services.			
	Challenges			
	Shortage of key personnel Insufficient rescue equipment Replacement of veldt fire unit			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Fire Services personnel:		9,675,714	9,038,476
	- Managers			
	- Senior Management	1		
	- Middle Management	3		
	- Clerical	27		
	- Other	11		
	Capital		Budget	Actual
	Projects		19,950	19,944
	Key Performance Indicators			
	To maximise all fire related services to the community.			

DISASTER MANAGEMENT				
DETAIL		TOTAL		
Overview:	Implement and manage an effective disaster management plan.		Budget R	Actual R
Activity:	The Disaster Management functions of the municipality are administered as follows:	Revenue Expenditure	0 1,928,627	0 1,695,730
	To manage the control centre for the entire municipality. To render an after hour pay point for traffic offenders. Billing of fire services rendered. Risk management. Co-ordination of all major events in the city.			
	<b>Programme Objectives</b>			
	To manage disasters in the demarcated Municipal area			
	<b>Challenges</b>			
	Budget constraints. Lack of staff Lack of high technology vehicles Lack of high technology equipment for the control centre			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Disaster Management personnel:		1,441,362	1,345,998
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	6		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To manage disaster in the demarcated Municipal area			

TRAFFIC SERVICES: TECHNICAL AND TRANSPORT				
DETAIL		TOTAL		
Overview:	To promote road safety in terms of the Road Traffic Act, manage Integrated transport planning and implementation in terms of the National Land Transitional Transport Act (NLTTA), to ensure compliance to the directives of the Southern African Development Community Road Traffic Signs Manual (RTSM).		Budget R	Actual R
Activity:	Traffic signs and street painting teams.	Revenue Expenditure	31,600 2,110,371	25,613 1,846,862
	1. To manage and maintain all road signs and road markings in Potchefstroom			
	2. Transport Committee.			
	<b>Programme Objectives</b>			
	Maintain and improve road signs and road markings.			
	<b>Challenges</b>			
Analysis of the Function:	Vandalism and theft of road signs.			
	Cost of maintenance			
	Condition of roads			
	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Traffic Engineering and Parking personnel:		1,398,771	1,352,074
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	2		
	- Other	11		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Ensure operational law enforcement function in the greater Potchefstroom district.			
	Management of Public Private Partnership within the department.			
	Management of Transport Committee (Number of meetings)			
	Approval of the Road Transportation Plan			

SECURITY AND LOSS CONTROL				
DETAIL		TOTAL		
Overview:	Managing security and loss control for the entire organisation.		Budget R	Actual R
Activity:	The Security and Fire Safety functions of the municipality are administered as follows:	Revenue Expenditure	0 3,818,772	0 3,787,622
	Management of security by service providers. Management of loss control. Investigate security related matters Administer all applications for gatherings. Control of all firearms in the possession of the City Council.			
	<b>Programme Objectives</b>			
	To manage the private security service providers in order to effectively protect the Council's assets Compile, apply, coordinate and evaluate internal security measures. Minimize losses and damages within the City Council			
	<b>Challenges</b>			
	Compilation and approval of an internal security policy Regulation of car watchers Training of personnel with regard to Loss Control			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Security and Fire Safety personnel: - Managers - Senior Management - Middle Management - Clerical - Other	     1 2	728,331	628,273
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Management of private security service providers			

PUBLIC EDUCATION AND TRAINING				
DETAIL		TOTAL		
Overview:	To train personnel on fire services and educate the public through awareness campaigns.		Budget R	Actual R
Activity:	The function of the Public Education & Training within the municipality is administered as follows	Revenue Expenditure	220,500 528,153	475,184 453,406
	Fire Safety Awareness / Public education programme Training of professional fire fighters Training of other institutions			
	<b>Programme Objectives</b>			
	Compile an adequate training programme Provide adequate training to other institutions for revenue generation			
	<b>Challenges</b>			
	Shortage of skilled staff. Inadequate accommodation facilities.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Public Education & Training personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2	43,286	8,309
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Training and Public Education Program.			

ADMINISTRATION				
DETAIL		TOTAL		
Overview:	To manage the provision of sound administrative services and processes in the Department.		Budget R	Actual R
Activity:	The function of the Public Safety Administration within the municipality is administered as follows:	Revenue Expenditure	0 4,413,578	0 4,214,342
	Manage the administration of the department, policy development, coordinate activities between support functions and prepare and submit reports to Council. Financial administration regarding Traffic law enforcement Monitor and coordinate human resource function in the Department. Legal compliance to legislation			
	<b>Programme Objectives</b>			
	Monitor and control the department's budget. Implementing all Council policies and regulations.			
	<b>Challenges</b>			
	Budget constraints			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Public Safety Administration personnel:		3,558,389	3,568,377
	- Managers	1		
	- Senior Management			
	- Middle Management	3		
	- Clerical	4		
	- Other	8		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		44,132	44,126
	<b>Key Performance Indicators</b>			
	Lead, direct and manage staff within the department to meet all its objectives.			

FUNCTIONAL SERVICE DELIVERY REPORTING				
CORPORATE SERVICES				
ADMINISTRATION				
DETAIL		TOTAL		
Overview:	Co-ordinates the capacitation of the municipal workforce through human resource management, skills development, labour relations and employee assistance program		Budget R	Actual R
Activity:	The function of Administration Corporate Services within the municipality is administered as follows:	Revenue Expenditure	0 5,322,464	0 4,811,817
	Implementing council policies and procedures. Monitor and control budget. Lead, direct and manage staff within the departments.			
	<b>Programme Objectives</b>			
	To provide an effective and efficient service in the administration.			
	<b>Challenges</b>			
	The Department is seriously understaffed.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Corporate Services personnel:		2,898,988	2,455,064
	- Managers	1		
	- Senior Management	1		
	- Middle Management	3		
	- Clerical	2		
	- Other	30		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,200	10,187
	<b>Key Performance Indicators</b>			
	Manage and guide on the creation of a workforce culture that is responsive to a sound labour relations, gender, youth, disability and women sensitive.			
	Manage the capacity of the workforce through skills development, employment equity, learnership and mentor student.			
	Implementation of all council resolutions.			
	Manage the overall budget of the department.			

HUMAN RESOURCES				
DETAIL		TOTAL		
Overview:	Human Resource Management include recruitment and selection, induction, psychometric testing, orientation and employee assistance programme.		Budget R	Actual R
Activity:	The function of Human Resources within the municipality is administered as follows:	Revenue Expenditure	180,000 3,122,372	661,467 3,079,068
	Placing of advertisements internally and externally.			
	Drawing up of job descriptions and job evaluation for posts.			
	Administering of workforce profiles.			
	Efficient management support on emotional and physical issues through counselling.			
	<b>Programme Objectives</b>			
	To empower and capacitate the municipal workforce.			
	To assist employees with counselling on social problems.			
	<b>Challenges</b>			
	To have a motivated and skilled workforce.			
	To develop an EAP network in the organization.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Human Resources personnel:		3,192,779	2,987,822
	- Managers			
	- Senior Management	1		
	- Middle Management	4		
	- Clerical	6		
	- Other	3		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		53,186	53,186
	<b>Key Performance Indicators</b>			
	Management of recruitment, selection, placement, induction, promotion, transfers and terminations.			
	Management of an effective Employee Assistance Program to enhance the quality of the workforce.			



COMPUTER SERVICES				
DETAIL		TOTAL		
Overview:	Provide a comprehensive management information system and infrastructure service to the City Council.		Budget R	Actual R
Activity:	The function of Computer Services within the municipality is administered as follows:	Revenue Expenditure	0 -1,736,494	0 -2,241,145
	Continuous updating and rendering of Water & light Accounts to the public. Continuously updating & Monthly producing of Payslips for personnel. Continuously updating, producing Creditors statements. Continuously process Data for Expenditure, Income and General Ledgers Maintaining and Updating the Wide Area Network of Council. Analysis, Design, developed & maintaining systems for council. Acquisition of new Hardware and software. Maintaining and updating the Hardware and software. To advice Council on all policies related to IT. To administer the Internet according to laid down policies.			
	<b>Programme Objectives</b>			
	Provide Council with updated IT related information to make sound economical decisions. To render effective and efficient Information System services according to the Batho Pele principles of service standards, honesty, respect for human dignity and to ensure a consensus transformation process and value for money.			
	<b>Challenges</b>			
	Upgrading of hard / software			
	Internet usage			
	Infrastructure maintenance			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Computer Services personnel:		1,058,198	1,034,743
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical			
	- Other	1		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		111,825	111,825
	<b>Key Performance Indicators</b>			
	Delivering monthly statements, payslips, payment advices, cheques and reports. Completion of daily transactions. Yearly handling of Year-end procedures. Daily backup procedures. Managing the wide area network for internal clients. Managing the internet and intranet for internal clients. Managing the acquisition of hardware, software and maintaining there off. Analysis, design, develop and maintaining of software.			

AUXILLARY SERVICES				
DETAIL		TOTAL		
Overview:	Auxillary Services include the Dan Tloome complex, the printing department and the telephone exchange		Budget R	Actual R
Activity:	The function of Auxillary Services within the municipality is administered as follows:	Revenue Expenditure	0 2,606,891	0 2,614,413
	Manage and maintain the following services in the Municipality:			
	<ul style="list-style-type: none"> <li>- Telephone System</li> <li>- Printing Department</li> <li>- Dan Tloome Complex</li> </ul>			
	<b>Programme Objectives</b>			
	An efficient internal and external communication system To provide a printing service to all the departments in the Council Co-ordinate all the meetings and workshops in the complex			
	<b>Challenges</b>			
	Manage and control the budget Lack of staff High maintenance on technical equipment			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Auxillary Services personnel:		988,398	964,647
	<ul style="list-style-type: none"> <li>- Managers</li> <li>- Senior Management</li> <li>- Middle Management</li> <li>- Clerical</li> <li>- Other</li> </ul>	1		
		4		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To manage the internal and external calls To assist departments with a high volume of printing To co-ordinate all meetings and workshops in the complex			

COMMUNITY CENTRES				
DETAIL		TOTAL		
Overview:	To Provide venues and hosting of different Council and public or private functions, meetings and events.		Budget R	Actual R
Activity:	The function of Community Centres within the municipality is administered as follows:	Revenue Expenditure	214,650 3,144,326	174,659 2,955,203
	Conduct bookings telephonically or in person and refer clients for payment in certain cases arranges for free availability of facilities. Help with preparations of the booked facilities according to the request of the clients. Conduct general maintenance and cleaning activities of the infrastructure and facilities. Transporting tables and chairs between community halls when required.			
	<b>Programme Objectives</b>			
	To provide people friendly service to our community in a less cost effective manner. To extend the accessibility of our facilities to the rest of our community. Promoting our facilities to the benefit of the local economy.			
	<b>Challenges</b>			
	Limited funds available for the upgrading of Community Facilities. Upgrading of the Madiba Banqueting Hall			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Community Centres personnel:		1,969,649	1,858,257
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical	3		
	- Other	16		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Promote and extend the accessibility of our facilities to the community. Upgrading of the existing facilities			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## INFRASTRUCTURE

### ADMINISTRATION

DETAIL		TOTAL		
Overview:	To provide an effective and efficient administration of the department and deliver sound engineering services.		Budget R	Actual R
Activity:	The function of Administration Infrastructure within the municipality is administered as follows:	Revenue Expenditure	800 6,897,678	58,500 6,925,909
Analysis of the Function:	<p>Ensure compliance with legislation and policies at local, provincial and national levels.</p> <p>Execute and implement resolutions of Council.</p> <p>Compile and manage the budget of the department.</p> <p>Manage personnel of the department and provide for training and development.</p>			
	<b>Programme Objectives</b>			
	<p>Lead, direct and manage staff and fulfill Batho Pele principles.</p> <p>Monitor operating and capital budget.</p> <p>Maintain infrastructure assets.</p> <p>Adhere to all national regulations and policies.</p>			
	<b>Challenges</b>			
	Manage and maintain infrastructure assets. (Roads, sewer, plants and equipment)			
	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Administration Infrastructure personnel:		3,043,712	3,290,600
	- Managers	1		
	- Senior Management			
	- Middle Management	1		
	- Clerical	6		
	- Other	2		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,200	10,187
	<b>Key Performance Indicators</b>			
	<p>Compliance with national regulations, policies and acts.</p> <p>Efficient administration within the department.</p>			

SEWERAGE				
DETAIL		TOTAL		
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		Budget R	Actual R
Activity:	The sewerage functions of the municipality are administered as follows:	Revenue Expenditure	32,806,148 18,609,324	33,937,379 18,981,753
	Purification of sewers. Blockage removal - private. Main sewer blockage removals. New sewerage connections. Maintenance of sewerage network.			
	<b>Programme Objectives</b>			
	To provide sewerage to all residents at affordable tariffs. To provide alternative sewerage facilities to households where no services exist. To maintain the existing sewerage network.			
	<b>Challenges</b>			
	Maintenance of the sewer treatment plant.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Sewerage personnel:		5,329,300	5,594,711
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical	2		
	- Other	47		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		29,036,503	26,452,744
	<b>Key Performance Indicators</b>			
	Optimise the sustainability of sewer services. Manage and maintain the sewer treatment plant.			

STORMWATER				
DETAIL		TOTAL		
Overview:	Construction and maintenance of stormwater network in the district of Potchefstroom.		Budget R	Actual R
Activity:	The function of Stormwater within the municipality is administered as follows:	Revenue Expenditure	0 1,655,359	0 1,737,175
	Provision of new and replacement of broken stormwater pipes.			
	Cleaning of blocked stormwater pipes.			
	<b>Programme Objectives</b>			
	To maintain and manage the stormwater network.			
	<b>Challenges</b>			
	Insufficient funding for capital projects.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Stormwater personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,641,820	9,066,665
	<b>Key Performance Indicators</b>			
	Manage and maintain the stormwater infrastructure.			

WATER RETICULATION				
DETAIL		TOTAL		
Overview:	The Municipality is responsible for the bulk purchase and distribution of water in the demarcated area of Potchefstroom.		Budget R	Actual R
Activity:	The water purchase and distribution functions of the municipality are administered as follows:	Revenue Expenditure	56,426,194 35,399,383	64,111,243 24,537,508
	<p>Water purchase and distribution is administered within in the municipality.</p> <p>Water connections and testing of water meters regarding water leaks and water flow interruptions.</p> <p>To operate and maintain the water purification plant.</p> <p>To build a distribution network to provide water to all consumers.</p>			
	<b>Programme Objectives</b>			
	<p>To create a culture of water conservation to all consumers.</p> <p>To optimise the rate of sustainable water service delivery and to minimise water losses.</p> <p>To provide each household with free basic water.</p>			
	<b>Challenges</b>			
	<p>Effective maintenance of water purification plant and distribution network to minimise the cost price of water.</p> <p>Insufficient funds to expand distribution network.</p>			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Water Reticulation personnel:		7,674,309	7,896,573
	- Managers			
	- Senior Management	1		
	- Middle Management	3		
	- Clerical	5		
	- Other	48		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		5,554,138	4,273,923
	<b>Key Performance Indicators</b>			
	<p>To purify raw water for human consumption.</p> <p>To provide new water connections.</p> <p>To repair and maintain water meters.</p>			

ROADS				
DETAIL		TOTAL		
Overview:	Construction and maintenance of quality roads for the inhabitants of Potchefstroom.		Budget R	Actual R
Activity:	The road maintenance and construction responsibilities of the municipality are administered as follows:	Revenue Expenditure	1,135,542 18,785,877	35,480,383 18,355,004
	Construction of new tarred, paved and gravel roads.			
	Maintenance of existing tarred. Paved and gravel roads.			
	<b>Programme Objectives</b>			
	To provide and maintain quality roads for the people of Potchefstroom.			
	<b>Challenges</b>			
	Insufficient funds for maintenance of roads. Shortage of personnel and equipment			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Roads personnel:		7,231,397	7,289,898
	- Managers			
	- Senior Management	1		
	- Middle Management	6		
	- Clerical	6		
	- Other	48		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		11,978,974	11,909,717
	<b>Key Performance Indicators</b>			
	Maintenance of tarred, paved and gravel roads. Building of new roads.			



STREET LIGHTING				
DETAIL		TOTAL		
Overview:	To provide and maintain a street lighting network in Potchefstroom.		Budget R	Actual R
Activity:	Street lighting responsibilities of the municipality are administered as follows:	Revenue Expenditure	0 4,027,446	0 4,100,170
	Replace lamps and clean diffusers and bowls. Replace circuit breaker and wiring. Repair street light control and feeder cables. Replace redundant luminaries.			
	<b>Programme Objectives</b>			
	To have a well lit city.			
	<b>Challenges</b>			
	Shortage of manpower.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Street Lighting personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	3,024,311	2,356
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Extension and maintenance of street lights.			

ELECTRICITY DISTRIBUTION				
DETAIL		TOTAL		
Overview:	Plan, construct and maintain an integrated network system which supplies electricity to the consumers in Potchefstroom and rural areas.		Budget R	Actual R
Activity:	The electricity purchase and distribution functions of the municipality are administered as follows:	Revenue Expenditure	274,970,878 188,430,858	297,475,307 196,485,418
	Purchasing of bulk electricity from Escom. Designing of high and low voltage electrical networks. Perform electrical upgrading and construction. Install new electrical connections. Maintenance of existing electrical infrastructure. Administer and supervise electrical contractors. Installing, testing and maintaining electrical meters and equipment. Record data for electrical measurement on the network.			
	<b>Programme Objectives</b>			
	Manage the planning, construction and maintenance of an integrated electrical system supplying current to the consumers. Implement a demand managing system. Implement alternative energy sources			
	<b>Challenges</b>			
	Insufficient funds to maintain electrical assets. Shortage of staff.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Electricity Distribution personnel:		11,414,736	11,796,872
	- Managers			
	- Senior Management	2		
	- Middle Management	2		
	- Clerical	3		
	- Other	67		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		37,565,642	12,201,851
	<b>Key Performance Indicators</b>			
	Purchasing of bulk electricity. Implement a demand management system. Manage energy and electricity supply complaints. Install pre-paid meters for indigent and other households. Manage and maintain electrical network system.			

SUPPORT FUNCTIONS				
DETAIL		TOTAL		
Overview:	Management and maintenance of Council's vehicle fleet.		Budget R	Actual R
Activity:	The function of the Mechanical Workshop within the municipality is administered as follows:	Revenue Expenditure	0 4,488,872	0 4,176,249
	Vehicles maintenance and control.			
	Replacement of outdated vehicles.			
	<b>Programme Objectives</b>			
	To achieve and maintain an efficient vehicle fleet.			
	<b>Challenges</b>			
	Insufficient funds for fleet management. Replacement policy to be implimented			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Mechanical Workshop personnel:		3,516,349	3,418,483
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	1		
	- Other	19		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Manage and maintain Council vehicles.			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## COMMUNITY SERVICES

### ADMINISTRATION

DETAIL		TOTAL		
Overview:	To provide an effective and efficient administration of the Department Community Services.		Budget R	Actual R
Activity:	The function of Administration Community Services within the municipality is administered as follows:	Revenue Expenditure	280 11,947,020	506,792 8,517,289
	<p>Monitor and control the budget.</p> <p>Prepare and submit reports.</p> <p>Implement strategic plans.</p> <p>Manage all Human Resource functions within the Department.</p>			
	<b>Programme Objectives</b>			
	<p>Manage operating and capital budget.</p> <p>To provide Council with information to make informed decisions on the Functions of Community Services.</p> <p>Adhere to all council policies and procedures.</p> <p>Lead, direct and manage staff within the department.</p>			
	<b>Challenges</b>			
	<p>Devolution of Environmental Health Services to the District Municipality.</p> <p>Serious shortage of staff.</p> <p>Lack of capital funds for infrastructure</p>			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Social Services personnel:		5,390,022	5,385,631
	- Managers	1		
	- Senior Management			
	- Middle Management	1		
	- Clerical	11		
	- Other	8		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		308,145	298,117
	<b>Key Performance Indicators</b>			
	<p>Lead, direct and manage Human Resources.</p> <p>Monitor and control budget.</p> <p>Implement strategic plans and submit reports.</p>			

LIBRARY SERVICES				
DETAIL		TOTAL		
Overview:	To deliver a comprehensive Library and information service to the community of Potchefstroom.		Budget R	Actual R
Activity:	The function of Library Services within the municipality is administered as follows:	Revenue Expenditure	152,098 7,454,685	3,568,939 7,228,586
	Rendering a library and information service to the community. Select, purchase supplement and maintain a comprehensive collection of library and reference material Catalogue, classify and prepare new acquisitions for community usage. Supply up to date information on a wide spectrum of subjects through books and technology. Provide and maintain a circulation system to enable users to borrow and return books To provide a photocopy service to all library users To provide internet access service to all library users Provide and maintain Information Technology to the Main and Branch libraries. To present educational and recreational programmes for toddlers, pre-school, school children and students.			
	<b>Programme Objectives</b>			
	To extent current library services to be accessible to all the communities. To select and acquire library material to address the needs of all cultures. To appoint and train personnel to become knowledgeable and informative workers.			
	<b>Challenges</b>			
	Shortage of experienced personnel. Lack of funds for a better mobile service delivery to the elderly of Potchefstroom. Insufficient funds to purchase new library and informational material			
	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Library Services personnel:		6,140,024	6,064,109
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	24		
	- Other	18		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		5,542,398	3,680,160
	<b>Key Performance Indicators</b>			
	Rendering a library and information service to all the communities in Potchefstroom. Maintain, upgrade and extend library facilities Develop and extend the book collection through replacement and supplementing Rendering and maintaining a circulation service system Marketing of Library Services			

CEMETERIES				
DETAIL		TOTAL		
Overview:	To provide graves, maintenance and future planning for burial requirements of Potchefstroom community.		Budget R	Actual R
Activity:	The function of Cemeteries within the municipality is administered as follows	Revenue Expenditure	799,247 3,203,931	891,923 3,048,751
	<p>Administers bookings with regard to burials, graves selling/reservation and erection of tombstones.</p> <p>Ensure preparation of graves is done according to the list of available bookings.</p> <p>Assisting the public and undertakers with a service regarding funerals according to by-laws and creating a place remembrance for the relatives.</p> <p>Provides horticultural support concerning the landscape and ground maintenance of the facilities.</p> <p>Preserve burial records and statistics information for all cemeteries in Potchefstroom.</p>			
	<b>Programme Objectives</b>			
	Provide a dignified space of the rest for the dead and uphold good memories of those still alive based on Batho Pele principles.			
	<b>Challenges</b>			
	Upgrading and Maintenance of cemeteries in accordance to the needs of the community.			
	Expansion of the cemetery.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Cemeteries personnel:		2,245,090	2,180,100
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical	3		
	- Other	21		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Providing of graves for the community General maintenance of cemeteries			

PARKS AND RECREATION				
DETAIL		TOTAL		
Overview:	Establishment, development and general maintenance of Parks, Gardens, town lands, pavements, street trees and Bird Sanctuary.		Budget R	Actual R
Activity:	The function of Parks within the municipality is administered as follows	Revenue Expenditure	201,116 21,651,057	713,118 21,354,403
	Planting of trees according to available resources and programme approved by council. Development and Maintenance of parks including playground equipment and fences. Rendering grass-cutting activities in all council grounds. New installation and maintenance of irrigation system. Attending to complain from public that requires horticultural intervention tasks. Raking of leaves during winter months to ensure neat street and pavements Application of herbicides to control weeds. Performs general cleaning of pavements and street gutters around Potchefstroom. Removal of garden refuses along at various parks, gardens and pavements. Packing of plant decoration for various events and function.			
	<b>Programme Objectives</b>			
	Clean, beautify and green the city			
	<b>Challenges</b>			
	Preparations and cleaning during festivals like Aardklop and Spring festival were conducted smoothly. Shortage of personnel and overtime implication is still causing huge challenge. Lack of Capital funds to replace old vehicle fleet. Successful hosting of District Municipality Arbour week event. WED (World Environmental Day) event successfully hosted. Packing of plant decorations for various events and functions Launch of Adopt a Park concept during World Environmental Day.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Parks personnel:		15,908,982	16,148,278
	- Managers			
	- Senior Management	1		
	- Middle Management	2		
	- Clerical	12		
	- Other	122		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		3,241,605	2,972,946
	<b>Key Performance Indicators</b>			
	Maintenance of parks and council gardens.			
	Upkeep of open terrains. (Mayoral cleaning project boosted our normal cleaning programmes.)			
	Planting of trees (Urban greening project)			

SPORTS				
DETAIL		TOTAL		
Overview:	Establishing, upgrading and general maintenance of recreational facilities.		Budget R	Actual R
Activity:	The function of Sports within the municipality is administered as follows	Revenue Expenditure	90,357 6,852,226	761,608 7,377,779
	Supplying the public with recreational activities according to their needs. Building, maintenance and upgrading of existing facilities. Handles all sport events bookings from public. Preparation of pitches for matches, meetings and practices. Performs general maintenance of the grounds and infrastructure.			
	<b>Programme Objectives</b>			
	To create an environment favourable for world class sport through facilities.			
	To extend the accessibility of sport facilities to the rest of community.			
	<b>Challenges</b>			
	Insufficient funds for maintenance of all stadiums and other sport facilities			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Sports personnel:		3,403,888	3,494,498
	- Managers			
	- Senior Management			
	- Middle Management	2		
	- Clerical	3		
	- Other	26		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		1,027,932	0
	<b>Key Performance Indicators</b>			
	Maintenance of sport facilities.			



RESORTS				
DETAIL		TOTAL		
Overview:	To provide guests with affordable accommodation and to cater for day visitors.		Budget R	Actual R
Activity:	The function of Resorts within the municipality is administered as follows:	Revenue Expenditure	2,903,466 5,023,321	2,802,016 5,160,993
	Promote the resort for caravanning and good value accommodation.			
	Upgrade and maintain the chalets.			
	Separate the facilities for day visitors, chalet visitors and cravenness.			
	Clear the dam of weeds which will provide better fishing and boating facilities.			
	Programme Objectives			
	To develop the resort to satisfy national standards.			
	Challenges			
Analysis of the Function:	Personnel Cost		Number	Budget
	Number and cost to employer of all Resorts personnel:			
	- Managers			
	- Senior Management			
	- Middle Management		1	
	- Clerical		1	
	- Other		22	
	Capital		Budget	Actual
	Projects		150,390	158,577
	Key Performance Indicators			
	To achieve the goals within a limited budget.			
	To maintain the resort to satisfy national standards.			
	Sound management of the resort.			

AIRPORT				
DETAIL		TOTAL		
Overview:	Supplying a base from which a flying club, parachute academy, sailplane and flying instructors can operate.		Budget R	Actual R
Activity:	The function of Airport within the municipality is administered as follows	Revenue Expenditure	9,449 124,704	5,022 111,249
	Taking responsibility for the safety of the Airport in compliance with the regulation stipulated by Civil Aviation			
	Providing a safe landing strip for aviation purposes			
	Provides general maintenance of the facilities and horticultural support where necessary			
	Programme Objectives			
	Providing airport facilities that will attract more tourists and enhance business opportunity in Potchefstroom			
	Challenges			
	Lack of capital funds for infrastructure			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Airport personnel: - Managers - Senior Management - Middle Management - Clerical - Other		0	0
	Capital		Budget	Actual
	Projects		25,000,000	0
	Key Performance Indicators			
	Upgrading and maintenance of the Airport (furthering of the improvement of the Airport lighting)			

ENVIRONMENTAL MANAGEMENT				
DETAIL		TOTAL		
Overview:	Implementation of sustainable environmental management systems, to ensure sustainable development principles and approaches to prevent an environment that is harmful to the health and well being of residents.		Budget R	Actual R
Activity:	The function of Environmental Management is administered as follows:	Revenue Expenditure	0 5,096,854	229,551 4,550,747
	Prepared and implemented an appropriate Environmental Management System The revision of environmental investigations and reports and doing site visits for developments Compilation of draft environmental regulations and policies for proclamation. Provide environmentally sustainable project (Eco Circle Project and CCP project) Enforce Environmental Impact Assessment Regulations Implementation of Local Agenda 21			
	<b>Programme Objectives</b>			
	Prevent pollution Enhance sustainable development principles and approaches Reduction of global warming The saving of money and natural resources by implementing green building principles Joint ventures with international organisations to save the earth The improvement of the health, income and living conditions of the poor majority			
	<b>Challenges</b>			
	Implement Local Agenda 21 principles/projects and Run Environmental Awareness/Education. Adoption of Environmental policies. Provide poor households with eco-circles. State of the Environment Report.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Environmental Management personnel:		3,598,248	3,490,173
	- Managers			
	- Senior Management	2		
	- Middle Management	2		
	- Clerical	7		
	- Other	15		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Implement Local Agenda 21 projects			
	Environmental policies			
	Provide poor households with Eco-Circles			
	State of Environmental Report			
	Run Environmental Awareness/Education.			

WASTE MANAGEMENT: REFUSE REMOVAL				
DETAIL		TOTAL		
Overview:	Rendering of a sustainable domestic refuse removal system in the residential areas of Potchefstroom and includes refuse removal, solid waste disposal, landfill and recycling.		Budget R	Actual R
Activity:	The refuse collection functions of the municipality are administered as follows:	Revenue Expenditure	16,993,930 28,532,782	17,181,291 25,568,453
	Refuse Removal render services to all types of consumers			
	Waste is managed at the landfill site and the mini dumping site			
	<b>Programme Objectives</b>			
	To establish and maintain a sustainable Refuse Removal service			
	To implement an equitable and sustainable Waste Management service			
	To reduce waste to landfill site through separation and recycling			
	<b>Challenges</b>			
	Community involvement through continuous education on waste management			
	Removal of domestic refuse at households and other institutions			
	Insufficient funding to replace vehicles			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Refuse Services personnel:		10,798,690	11,117,550
	- Managers			
	- Senior Management			
	- Middle Management	2		
	- Clerical	1		
	- Other	63		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		394,132	394,132
	<b>Key Performance Area</b>			
	Removal of domestic refuse at households with dustbins twice a week			
	Removal of domestic refuses once a week that is collected by volunteers at identified central points where no established refuse removal services exist.			
	Daily Service delivery and removal of refuse at the existing mini dumping site for garden refuse			
	Removal of refuse at industrial and business twice a week.			
	Daily removal of refuses at public institutions and food premises.			
	Feasibility Study and Implementation of a equal Waste Management System in Potchefstroom			

WASTE MANAGEMENT: STREET CLEANSING				
DETAIL		TOTAL		
Overview:	To establish clean street refuse containers and clean swept streets in the Central Business Area to ensure a clean and Healthy environment to the community of Potchefstroom.		Budget R	Actual R
Activity:	The Cleaning Services functions of the municipality are administered as follows;	Revenue Expenditure	0 4,304,630	0 3,988,726
	<p>Daily (Monday to Saturday) removal of refuse from street litterbins in the C B A</p> <p>Sweeping of streets within the C B A of Potchefstroom daily from Monday to Sunday.</p> <p>These services extend to include the Business Area, but do not take account of the rest of the municipal area or the plots and farms which resides within the jurisdiction of the Health and Environment Department of the City Council and Provincial Government.</p>			
	<p><b>Programme Objectives</b></p> <p>Sweeping of streets within the C B A of Potchefstroom daily from Monday to Sunday.</p> <p>Daily (Monday to Saturday) removal of refuse from the 1,950 street litter-bins in the Central business Area of Potchefstroom.</p>			
	<p><b>Challenges</b></p> <p>Daily (Monday to Sunday) sweeping of streets within the Central Business Area of Potchefstroom</p> <p>Daily (Monday to Saturday) removal of refuse from street litterbins in the Central business Area of Potchefstroom.</p>			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Cleaning Services personnel:		3,345,163	3,420,422
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical			
	- Other	37		
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			
	<p>Daily removal of refuse from street litterbins</p> <p>Sweeping of streets within the Central Business Area</p>			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## HOUSING AND PLANNING

### HOUSING SUPPORT

DETAIL		TOTAL		
<b>Overview:</b>	This function has to address the housing needs of the community through provision of houses, stands and rental housing.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Housing Support is administered as follows:	<b>Revenue Expenditure</b>	<b>0 3,890,406</b>	<b>0 3,825,886</b>
	Identifying housing projects. Application for approval of projects. Implementation of projects. Allocation of sold stands. Interviews with beneficiaries. Developing title deeds. Submission of title deeds. Implementation of by-laws			
	<b>Programme Objectives</b>			
	Give priority to the provision of housing. Provide support to the community. Consult meaningfully. Check compliance			
	<b>Challenges</b>			
	To expedite housing projects. To expedite the transfer of property in terms of upgrading of Property Right Act To prevent illegal occupation of land and houses			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Administration of Housing personnel:		3,284,542	3,325,205
	- Managers	1		
	- Senior Management			
	- Middle Management	1		
	- Clerical	7		
	- Other	4		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		103,855	103,855
	<b>Key Performance Indicators</b>			
	Provision of housing through developer driven individual subsidies.			

LAND DEVELOPMENT AND PROPERTY RIGHTS				
DETAIL		TOTAL		
Overview:	To ensure security of tenure as a community empowerment		Budget R	Actual R
Activity:	The function of Land Development and Property Rights within the municipality is administered as follows:	Revenue Expenditure	315,000 3,403,396	556,443 2,396,660
	To ensure that beneficiaries claim their properties The rightfull people are occupying the properties That properties are not sold illegally			
	<b>Programme Objectives</b>			
	To formalise the previous Municipal properties in the name of the occupants			
	<b>Challenges</b>			
	Beneficiaries are not claiming their properties Deceased estates are not finalised Rightfull owners are not occupying the houses			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Land Use Control personnel:		1,481,626	1,481,543
	- Managers			
	- Senior Management	1		
	- Middle Management	3		
	- Clerical			
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Issuing of title deeds to owners of properties			

HOUSING FACILITATION				
DETAIL		TOTAL		
Overview:	To maintain council's houses, hostels and old age homes.		Budget R	Actual R
Activity:	The function of Housing Facilitation within the municipality is administered as follows:	Revenue Expenditure	727,520 1,105,740	965,730 963,430
	Collection of rent.			
	Maintenance and cleaning of Council property.			
	To adhere to responsibilities as a landlord and to educate tenants.			
	<b>Programme Objectives</b>			
	Maintain council's housing property			
	<b>Challenges</b>			
	Maintenance of the units.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Maintenance of Council Property personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Maintaining council's houses, hostels and old age homes			



LAND USE MANAGEMENT				
DETAIL		TOTAL		
Overview:	To ensure that the Potchefstroom municipality is effectively, efficiently and spatially integrated and developed.		Budget R	Actual R
Activity:	The function of Land Use Management within the municipality is administered as follows:	Revenue Expenditure	4,558,520 15,328,578	2,312,980 13,294,395
	Manage land use and building activities: Processing of land use applications and building plans. Implementing town planning scheme and national building regulations. Provision of Council stands for development: Township establishment. Develop and implement a comprehensive city planning strategy. Develop and implement a comprehensive land use management system. Formulation and implementation of land use policies for development. Market and give advise to developers on potential development.			
	<b>Programme Objectives</b>			
	Management of vacant and developed land. Develop a comprehensive land use policy and development framework. Effective controlling and management of all building activities.			
	<b>Challenges</b>			
	The most important issue is to provide enough stands for housing and other urban facilities concentrating on low cost housing to ensure a proper living environment and maximum freedom of choice. Shortage of staff to manage workload.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Land Use Control personnel:		8,509,750	7,939,563
	- Managers	1		
	- Senior Management	2		
	- Middle Management	1		
	- Clerical	6		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		173,855	173,508
	<b>Key Performance Indicators</b>			
	Management of land use in the Greater Potchefstroom Area. Controlling of building activities in the Greater Potchefstroom Area.			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## ECONOMIC DEVELOPMENT (Planning and Development)

DETAIL		TOTAL		
Overview:	Local Economic Development has planned, developed, promoted and regulated the building of a well co-ordinated, diversified and sustainable economy for Potchefstroom.		Budget R	Actual R
Activity:	The function of Economic Planning / Development within the municipality is administered as follows:	Revenue Expenditure	265,430 3,500,590	399,764 3,518,529
	Small, Medium and Micro Enterprises Development (SMME)			
	CBD and Industrial Development			
	Economic Community Based Project Development			
	Tourism Development			
	<b>Programme Objectives</b>			
	Promote Potchefstroom as a tourism destination and a place to host events. Develop and implement a comprehensive and integrated inward investment and trade promotion strategy. Retain and increase existing business investments. Empower small business entrepreneurs.			
	<b>Challenges</b>			
	Limitation of budget: Community Projects.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Economic Development personnel:		2,817,743	2,754,290
	- Managers	1		
	- Senior Management			
	- Middle Management	3		
	- Clerical	2		
	- Other	1		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Publish and market LED brochure annually. Business plans, Registrations, Capacity building Support community based projects Tourism capacity building.			



## chapter 5

# AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

**TLOKWE CITY COUNCIL**  
**ANNUAL FINANCIAL STATEMENTS 30 JUNE 2010**

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# **TLOKWE CITY COUNCIL**

(NW 402)



## **ANNUAL FINANCIAL STATEMENTS**

**for the year ended  
30 June 2010**

I am responsible for the presentation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
SATYATIYA  
ACCOUNTING OFFICER

31/08/2010  
DATE



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE TLOKWE CITY COUNCIL**

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Introduction**

1. I have audited the accompanying financial statements of the Tlokwe City Council, which comprise the statement of financial position as at 30 June 2010, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 167 to 196 and 204 to 261.

#### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DoRA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor-General's responsibility**

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## **Basis for qualified opinion**

### **Accumulated Surplus**

7. I was unable to obtain sufficient appropriate audit evidence for “Net gains/losses not recognised in the statement of financial performance” of R9 461 015 included in the statement of changes in net assets for the previous financial year. The municipality’s records did not permit the application of alternative audit procedures. Consequently, I was unable to determine the occurrence, completeness, accuracy, cut-off and classification of net gains/losses not recognised in the statement of financial performance of R9 461 015 included in the statement of changes in net assets for the previous year.

### **Cash flow statement**

8. I was unable to obtain sufficient appropriate audit evidence for the following disclosures in the cash flow statement for the previous year’s amount:
- Accumulated surplus of R33 967 565 included in cash flow from financing activities.
  - Non cash flow items of R11 185 562 included in the calculations of cash generated from operations of R33 156 582.
  - Non cash flow items of R25 952 309 recognised in the statement of financial performance not included in the calculation of cash generated from operations of R33 156 582.

The municipality’s records did not permit the application of alternative procedures. Consequently I was unable to satisfy myself as to the accuracy, completeness and presentation and disclosure of the cash flow statement for the previous year.

### **Expenditure**

9. I was unable to obtain sufficient appropriate audit evidence for expenditure of R7 258 913 included in the statement of financial performance. The municipality’s records did not permit the application of alternative audit procedures. Consequently, I was unable to determine the occurrence, completeness, accuracy, cut-off and classification of expenditure of R7 258 913 included in general expenses of R88 460 379 in the statement of financial performance and disclosed in note 36 to the financial statements.

### **Property, plant and equipment**

10. I was unable to obtain sufficient appropriate audit evidence for adjustments of R121 912 789 and R95 148 017 made to the current year opening balance of property, plant and equipment of R228 095 904 and the opening balance of accumulated depreciation of R386 412 729 respectively, included in R716 225 325 as disclosed in note 7 and in the statement of financial position. The municipality’s records did not permit the application of alternative audit procedures. Furthermore it was impracticable to quantify the resulting misstatement on the accumulated depreciation and depreciation due to the control weaknesses identified, consequently I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, rights and obligations, completeness, and valuation and allocation of the closing balance of property, plant and equipment of R758 370 796 disclosed in note 7 to the financial statements.

### **Qualified opinion**

11. In my opinion, except for the effects of the matters described in the basis of qualified opinion paragraphs the financial statements present fairly, in all material respects, the financial position of Tlokwe City Council as at 30 June 2010 and its financial performance and its cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the MFMA and DoRA.

### **Emphasis of matters**

I draw attention to the matters below. My opinion is not modified in respect of these matters:



### **Unauthorised, irregular and fruitless and wasteful expenditure**

12. As disclosed in note 39 to the financial statements, unauthorised expenditure of R45 960 910 was incurred due to overspending of the budget mainly in the budget and treasury office and in the office of the municipal manager. R24 798 634 of this was due to the airport upgrade which was originally planned to be performed in conjunction with Provincial Government.
13. As disclosed in note 39 to the financial statements, irregular expenditure of R95 235 050 was incurred due to non compliance with the supply chain management regulations.
14. As disclosed in note 39 to the financial statements, fruitless and wasteful expenditure of R1 126 504 was incurred, mainly due to SARS interest and penalties.

### **Material underspending of the budget**

15. The municipality has materially underspent the budget by R17 261 354 as disclosed in note 49 to the financial statements, mainly in infrastructure, housing and public safety votes. As a consequence, service delivery was affected negatively.

### **Additional matter**

I draw attention to the matter below. My opinion is not modified in respect of this matter:

### **Unaudited supplementary schedules**

16. The supplementary information set out on pages 262 to 272 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

17. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and their regulations and financial management (internal control).
  - MFMA
  - DoRA
  - Local Government: Municipal Systems Act of South Africa, 2000 (Act no. 32 of 2000) (MSA)
  - Municipal Structures Act of South Africa, 1998 (Act no.117 of 1998)

### **Predetermined objectives**

18. Material findings on the report on predetermined objectives, as set out on pages 12 to 98, are reported below:

### **Non-compliance with regulatory requirements**

#### No reporting against predetermined objectives, indicators and targets

19. The Tlokwe City Council did not prepare the annual performance report in terms of section 46 of the MSA and section 121(3)(c) of the MFMA.

#### Inadequate content of integrated development plan

20. The integrated development plan of the Tlokwe City Council did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

#### Lack of adoption or implementation of a performance management system

21. The Tlokwe City Council did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement,





review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of sections 36, 38 and 41(2) of the MSA, and regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

#### Internal auditing of performance measurements

22. The Tlokwe City Council did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

#### Existence and functioning of a performance audit committee

23. The Tlokwe City Council did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

#### Corroborating evidence does not agree with the reported explanations for major variances between planned and actual reported targets

24. Corroborating evidence provided as a basis for the explanations for major variances between the planned and the actual reported targets for selected objective did not agree in 78% with the reasons for variances reported.

#### **Usefulness of reported performance information**

25. The following criteria were used to assess the usefulness of the planned and reported performance:
- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
  - Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
  - Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

#### Reported information not consistent with planned objectives, indicators and targets

26. The Tlokwe City Council has not reported on its performance against predetermined targets which is consistent with the approved integrated development plan.

#### Planned and reported performance targets not specific/measurable

27. For the selected objectives, 33% of the planned and reported targets were not:
- specific in clearly identifying the nature and the required level of performance;
  - measurable in identifying the required performance.

#### **Reliability of reported performance information**

28. The following criteria were used to assess the usefulness of the planned and reported performance:
- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
  - Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
  - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

Reported targets not reliable when compared to source information

29. For the selected objectives, 23% of the reported targets were not reliable on the basis of the source information or evidence provided to support the reported in targets.

Reported targets not reliable as no/inadequate supporting source information was provided

30. For the selected objectives, 94% of the reported targets the reliability could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided for audit purposes.

**Compliance with laws and regulations**

**Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA)**

Expenditure was incurred in contravention of or not in accordance with applicable legislation resulting in irregular expenditure

31. Expenditure was not incurred in accordance with the requirements of the supply chain management policy of the municipality, which resulted in irregular expenditure as per the definition of "irregular expenditure" in section 1 of the MFMA.

Expenditure was incurred otherwise than in accordance with sections 15 and 11(3) of the MFMA resulting in unauthorised expenditure

32. Expenditure was not incurred in accordance with the approved budget of the municipality and exceeded the limits of the amounts appropriated for the different votes in the approved budget of the municipality as required by section 15 of the MFMA.

The municipality did not manage unauthorised, irregular and fruitless and wasteful expenditure as prescribed

33. Unauthorised, irregular and fruitless and wasteful expenditure was not managed as prescribed in section 32 of the MFMA.

Supply Chain Management legislative requirements were not implemented or not adhered to (not resulting in irregular expenditure)

34. Proper record keeping and management was not in place resulting in requested information not being available or supplied with a significant delay, as required by section 62(1)(b).

Expenditure was not paid within the parameters set by the applicable legislation

35. Expenditure was not paid within the required 30 days from the receipt of an invoice, or such a period as prescribed in section 65(2)(e) of the MFMA.

The financial statements were not prepared in accordance with applicable legislation

36. The municipality did not prepare financial statements in accordance with section 121(1) of the MFMA which fairly presents the state of affairs of the municipality, as corrections of material misstatements were made to the annual financial statements submitted for audit on 31 August 2010.

The internal audit unit was not functioning properly

37. The internal audit unit of the municipality did not fulfil its responsibilities as required by section 165 of the MFMA.

The audit committee was not functioning properly

38. The audit committee did not perform their functions and discharged their mandate adequately as required by section 166 of the MFMA.



## Internal control

39. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with laws and regulations, but not for the purpose of expressing an opinion on the effectiveness of internal control.
40. The matters reported below are limited to the significant deficiencies regarding the basis for qualified opinion paragraph, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

### • Leadership

The accounting officer does not exercise oversight responsibility over financial and performance reporting and compliance with applicable laws and regulations. An effective organisational structure that places people with appropriate skills is not established as a vacancy rate of 36% exists within the municipality.

### • Financial and performance management

The finance and supply chain management departments are understaffed which resulted in material amendments to the financial statements submitted for audit and non compliance to supply chain management regulations. Furthermore due to inadequate record keeping and record management, requested information was not always available as per agreed timeframes.

### • Governance

Proper governance structures are not in place and not functioning effectively as ongoing monitoring and supervision by internal audit are not undertaken to enable an assessment of the effectiveness of internal control over financial and performance reporting. A fraud prevention plan is not documented and used as per the requirements of applicable legislation. The audit committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice furthermore the annual financial statements and performance report are not reviewed prior to submission for audit.

*Auditor-General.*

Rustenburg

30 November 2010



AUDITOR - GENERAL  
SOUTH AFRICA

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## 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Accounting Framework of the municipality, based on the preceding paragraphs, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GAMAP 9	Paragraphs relating to Revenue from Non-exchange Transactions
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease

## **1. BASIS OF PRESENTATION (continued)**

### **1.1 Changes in Accounting Policy and Comparability**

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2010 the municipality has adopted the accounting framework as set out above.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

### **1.2 Critical Judgements, Estimations and Assumptions**

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

#### **1.2.1 Revenue Recognition**

Accounting Policy clause 9.2 on *Revenue from Exchange Transactions* and Accounting Policy clause 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GAMAP 9 (*Revenue*) as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.2.2 Financial Assets and Liabilities**

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management.

## **1. BASIS OF PRESENTATION (continued)**

### **1.2.3 Impairment of Financial Assets**

Accounting Policy clause 5.4 on *Impairment of Financial Assets* describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Note 3 to the Annual Financial Statements.

### **1.2.4 Useful lives of Property, Plant and Equipment**

As described in Accounting Policy clause 2.3 and 3.2 the municipality depreciates its property, plant and equipment and Intangible Assets over the estimated useful lives of the assets, which is determined when the assets are brought into use. The useful lives of the assets are based on industry knowledge.

### **1.2.5 Defined Benefit Plan Liabilities**

As described in Accounting Policy clause 12.3, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 12 and 16 to the Annual Financial Statements.

### **1.3 Presentation Currency**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

### **1.4 Going Concern Assumption**

The Annual Financial Statements have been prepared on a going concern basis.

### **1.5 Offsetting**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

## **1. BASIS OF PRESENTATION (continued)**

### **1.6**      *Standards, Amendments to Standards and Interpretations issued but not yet Effective*

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ GRAP 18 Segment Reporting - issued March 2005
- ◆ GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- ◆ GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- ◆ GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ IAS 19 Employee Benefits - effective 1 January 2009
- ◆ IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- ◆ IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

## **2. PROPERTY, PLANT AND EQUIPMENT**

### **2.1**      *Initial Recognition*

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

### **2.2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

### **2.3 Depreciation**

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalue amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.



## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation only commences when the asset is available for use, unless stated otherwise.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	15 – 30	Buildings	30
Car Parks, Bus Terminals and Taxi Ranks	20	Motor Vehicles	3 – 7
Electricity	20 – 30	Abattoirs	30
Water	15 – 20	Office Equipment	3 – 7
Sewerage	15 – 20	Furniture and Fittings	7 – 10
Housing	30	Airports	20
Landfill Sites	15	Security Measures	3 – 5
<b>Community</b>		Plant and Equipment	2 – 15
Improvements	30	Other Plant and Equipment	3 – 7
Recreational Facilities	20 – 30	Markets	30
Museums and Art Galleries	30		

### 2.4 Land

Land is stated at historical cost and is not depreciated as it is regarded as having an infinite life.

### 2.5 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

### 2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### 2.7 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

### **2.8      *Infrastructure Assets***

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

### **2.9      *Derecognition of Property, Plant and Equipment***

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from sales proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

### **2.10     *Impairment***

#### **2.10.1   *Impairment of Cash Generating Assets***

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

### **2.10.2 Impairment of Non-cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or non-cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

### **2.10 Impairment (continued)**

#### **2.10.2 Impairment of Non-cash Generating Assets (continued)**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

## **3. INTANGIBLE ASSETS**

### **3.1 Initial Recognition**

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

#### **3. INTANGIBLE ASSETS (continued)**

- ◆ It is technically feasible to complete the intangible asset so that it will be available for use;
- ◆ Management intends to complete the intangible asset and use or sell it;
- ◆ There is an ability to use or sell the intangible asset;
- ◆ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- ◆ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- ◆ The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / IAS 36.

Intangible Assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### *3.2 Subsequent Measurement, Amortisation and Impairment*

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period – however, such intangible assets are subject to an annual impairment test.

Intangible Assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

### *3.3 Derecognition*

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### *3.4 Transitional Provisions*

Costs incurred on intangible assets (other than on computer software) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2010 in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 3.

## **4. INVESTMENT PROPERTY**

### **4.1 Initial Recognition**

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- ◆ All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- ◆ Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- ◆ A building owned by the municipality (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- ◆ A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- ◆ Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- ◆ Property being constructed or developed on behalf of third parties;

## INVESTMENT PROPERTY (Continued)

- ◆ Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- ◆ Property that is being constructed or developed for future use as investment property;
- ◆ Property that is leased to another entity under a finance lease;
- ◆ Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- ◆ Property held for strategic purposes or service delivery.

### 4.2 Subsequent Measurement

Investment Property is carried at fair value, representing open market value determined annually by valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from the change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 5. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

### 5.1 Financial Assets – Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality may have the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Listed Investments (Shares)
- ◆ Unlisted Investments (Local Authority Stock)
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Bank, Cash and Cash Equivalents

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

## FINANCIAL INSTRUMENTS (Continued)

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Bank, Cash and Cash Equivalents	Available for sale
Bank, Cash and Cash Equivalents – Call Deposits	Available for sale
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Bank, Cash and Cash Equivalents – Notice Deposits	Held to maturity

*Financial assets at fair value through profit or loss* are financial assets that meet either of the following conditions:

- ◆ They are classified as held for trading; or
- ◆ Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

*Available-for-sale investments* are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

### 5.1 Financial Assets (continued)

*Loans and Receivables* are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and Receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

*Held-to-Maturity Investments* are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as Financial Assets: Available for Sale.



## FINANCIAL INSTRUMENTS (Continued)

### 5.2 Financial Liabilities – Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality may have the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as *Other Financial Liabilities* and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other Financial Liabilities".

### 5.3 Initial and Subsequent Measurement

#### 5.3.1 Financial Assets:

*Held-to-maturity Investments* and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

## **FINANCIAL INSTRUMENTS (Continued)**

### **5.3.2 Financial Liabilities:**

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the Effective Interest Rate Method.

### *5.4 Impairment of Financial Assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

### *5.4 Impairment of Financial Assets (continued)*

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

## **FINANCIAL INSTRUMENTS (Continued)**

**Consumer Debtors** are stated at cost less a provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

**Loans and Receivables** are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

### *5.5 Derecognition of Financial Assets*

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### *5.6 Derecognition of Financial Liabilities*

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

## **6. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

### **Credit Risk**

- a. Each class of financial instrument is disclosed separately.
- b. Maximum exposure to credit risk not covered by collateral is specified.
- c. Financial instruments covered by collateral are specified.

## **RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (Continued)**

### **Liquidity Risk**

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 37 to the Annual Financial Statements.

## **7. INVENTORIES**

### *7.1 Initial Recognition*

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

### *7.1 Initial Recognition (continued)*

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

### *7.2 Subsequent Measurement*

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water and purified affluent are valued at purified cost insofar as it is stored and controlled in reservoirs and distribution network at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

## **INVENTORIES (Continued)**

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

### **7.3      *Transitional Provisions***

The recognition of immovable capital assets that meet the definition and recognition criteria of inventory, as inventories in accordance with the requirements of GAMAP 12 were exempted in the previous financial year in terms of General Notice 522 of 2007. Immovable capital assets that meet the definition and recognition criteria of inventory are recognised as inventories for the financial year ended 30 June 2010 in accordance with the requirements of GRAP 12 and ASB Directive 3.

## **8.    NON-CURRENT ASSETS HELD-FOR-SALE**

### **8.1      *Initial Recognition***

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### **8.2      *Subsequent Measurement***

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

## **9. REVENUE RECOGNITION**

### **9.1**      *General*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### **9.2**      *Revenue from Exchange Transactions*

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

#### **9.2.1**    **Service Charges**

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

## **9. REVENUE RECOGNITION (continued)**

### **9.2 Revenue from Exchange Transactions (continued)**

#### **9.2.2 Finance Income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

#### **9.2.3 Rentals Received**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

#### **9.2.4 Dividends**

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

#### **9.2.5 Royalties**

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis, are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

#### **9.2.6 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

#### **9.2.7 Revenue from Agency Services**

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

## **9. REVENUE RECOGNITION (continued)**

### **9.2 Revenue from Exchange Transactions (continued)**

#### **9.2.8 Sale of Goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **9.3 Revenue from Non-exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

#### **9.3.1 Public Contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

#### **9.3.2 Other Donations and Contributions**

Donations and Contributions are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.



## **9. REVENUE RECOGNITION (continued)**

### **9.3 Revenue from Non-exchange Transactions (continued)**

#### **9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

### **9.4 Transitional Provisions**

Revenue was initially recognised at cost and not at fair value in the previous financial year as the requirements of GAMAP 9.12 and SAICA circular 09/2006, which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2010 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 SAICA circular 09/2006.

## **10. GOVERNMENT GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## 11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - ◆ The business or part of a business concerned;
  - ◆ The principal locations affected;
  - ◆ The location, function, and approximate number of employees who will be compensated for terminating their services;
  - ◆ The expenditures that will be undertaken; and
  - ◆ When the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 12. EMPLOYEE BENEFITS

### 12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

## 12. EMPLOYEE BENEFITS (continued)

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

### 12.2 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

### 12.3 Defined Benefit Plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

#### 12.3.1 Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "*corridor method*". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

## **12. EMPLOYEE BENEFITS (continued)**

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### **12.3.2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

### **12.3.3 Exemption regarding defined benefit accounting in previous financial year**

Defined benefit accounting in accordance with the requirements of IAS 19, as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information, has been exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality has applied defined benefit accounting to the defined benefit plans for the financial year ended 30 June 2009 in accordance with the requirements of IAS 19.

### ***12.4 Provincially-administered Defined Benefit Plans***

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 38 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

## **13. LEASES**

### *13.1 The Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### *13.2 The Municipality as Lessor*

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental revenue is recognised on a straight-line basis over the term of the relevant lease.

## **13. LEASES (continued)**

### *13.3 Transitional Provisions*

The recognition of operating lease payments / receipts on a straight-line basis in accordance with the requirements of IAS 17 has been exempted in the previous financial year in terms of General Notice 522 of 2007 (provided that the municipality recognised the lease amounts on the basis of the cash flows in the lease agreement).

## **14. BORROWING COSTS**

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2010 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

## **15. GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- ◆ Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ◆ Expect to be repaid in future; or
- ◆ Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

## **16. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the cash basis.

## **17. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

## **18. UNAUTHORISED EXPENDITURE**

Unauthorised Expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

## **19. IRREGULAR EXPENDITURE**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

## **20. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

## **21. FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance. It was accounted for the effect of changes in foreign exchange rates in the previous financial year in accordance with the requirements of GAMAP 4, if applicable. The municipality accounted for the effect of changes in foreign exchange rates, if applicable, for the financial year ending 30 June 2010 (and retrospectively, where practicable) in accordance with the requirements of GRAP 4, GRAP 3 and ASB Directive 4.

## **22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 34 for details of changes in accounting policies.

The retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality). The municipality applied changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 34 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

The identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2010 in accordance with the requirements of GRAP 3.

## **23. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.



## **24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent Assets and Contingent Liabilities are not recognised.

## **25. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in Note 40 to the Annual Financial Statements.

## **26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

## **27. COMPARATIVE INFORMATION**

### *27.1 Current year comparatives:*

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

### *27.2 Prior year comparatives:*

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## **28. ACCUMULATED SURPLUS**

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

### **28.1. Housing development fund/Housing operating account**

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**TLOKWE CITY COUNCIL**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 JUNE 2010

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2009/10 financial period is set out in Directive 5 Issued by the Accounting Standards Board (ASB) on 11 March 2009.

Despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. The increase in the debtors book together with the increased number of indigent customers is indicative of the poverty that exists within the municipal area. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

**2. KEY FINANCIAL INDICATORS**

The following indicators give some insight into the financial results of the year under review.

**Financial Statement Ratios:**

INDICATOR	2010	2009
Surplus / (Deficit) before Appropriations	76,738,970	42,257,627
Surplus / (Deficit) at the end of the Year	514,163,271	437,597,781
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	32.30%	31.84%
Remuneration of Councillors	1.77%	1.96%
Depreciation and Amortisation	3.61%	4.73%
Impairment Losses	2.27%	8.18%
Repairs and Maintenance	6.27%	6.68%
Interest Paid	0.80%	1.24%
Bulk Purchases	27.61%	25.78%
Contracted Services	6.53%	5.48%
Grants and Subsidies Paid	4.15%	4.35%
General Expenses	14.69%	9.77%
Current Ratio:		
Creditors Days	44	50
Debtors Days	60	65

### 3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2010 are as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
<b>Income:</b>					
Operating income for the year	678,920,172.42	540,738,755.55	25.55%	569,301,053.00	19.26%
	678,920,172.42	540,738,755.55	25.55%	569,301,053.00	19.26%
<b>Expenditure:</b>					
Operating expenditure for the year	602,181,202.68	498,481,128.21	20.80%	569,292,084.00	5.78%
	602,181,202.68	498,481,128.21	20.80%	569,292,084.00	5.78%

#### 3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	195,462,143	181,782,881	7.53%	150,204,480	30.13%
Expenditure	122,799,509	264,189,383	(53.52)%	76,291,849	60.96%
Surplus / (Deficit)	72,662,634	(82,406,502)	(188.18)%	73,912,631	-
Surplus / (Deficit) as % of total income	37.17%	(45.33)%		49.21%	

#### 3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	-	-	-	-	-
Expenditure	3,825,886	3,444,136	11.08%	3,472,633	10.17%
Surplus / (Deficit)	(3,825,886)	(3,444,136)	11.08%	(3,472,633)	-
Surplus / (Deficit) as % of total income	100%	100%		100%	

#### 3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	51,177,170	45,911,149	11.47%	58,599,878	(12.67)%
Expenditure	59,243,816	40,797,564	45.21%	58,565,346	1.16%
Surplus / (Deficit)	(8,066,646)	5,113,585	(257.75)%	34,532	-
Surplus / (Deficit) as % of total income	(15.76)%	11.14%		0.06%	

### 3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R162 485 222.30 (2008/2009: R121 811 081.50). Tariffs levied for electricity are subject to administered adjustments.

The envisaged introduction of REDS (Regional Electricity Distribution Suppliers), where electricity will be distributed by a regional supplier, will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	297,475,308	212,083,833	40.26%	274,970,878	8.18%
Expenditure	200,585,589	150,572,173	33.22%	200,168,446	0.21%
Surplus / (Deficit)	96,889,719	61,511,660	57.51%	74,802,432	
Surplus / (Deficit) as % of total income	32.57%	29.00%		27.20%	

### 3.5 Water Services:

Water is bought in bulk from the Department of Water and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R4 026 434 (2008/2009: R6 680 471). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	64,102,226	47,250,472	35.66%	56,422,194	13.61%
Expenditure	24,527,756	16,852,856	45.54%	34,507,713	(28.92)%
Surplus / (Deficit)	39,574,470	30,397,616	30.19%	21,914,481	-
Surplus / (Deficit) as % of total income	61.74%	64.33%		38.84%	

## 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R79 809 325 (2008/2009: 83 713 298). Full details of Property, Plant and Equipment are disclosed in Note 6 and appendices "B, C and E (2)" to the Annual Financial Statements.

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

## 5. RECONCILIATION OF BUDGET TO ACTUAL

### 5.1 Operating Budget:

DETAILS	2010	2009
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	8,969	8,683
Revenue variances	109,619,119	78,089,134
Expenditure variances:		
Employee Related Costs	(13,435,212)	234,894
Remuneration of Councillors	238,291	216,381
Depreciation and Amortisation	4,951,359	(1,751,483)
Impairment Losses	(9,656,504)	(34,759,317)
Repairs and Maintenance	7,847,349	3,210,519
Interest Paid	797,487	8,483,903
Bulk Purchases	508,250	1,075,791
Contracted Services	2,918,618	(2,018,276)
Grants and Subsidies Paid	(3,643,147)	(10,433,607)
General Expenses	(23,415,610)	(98,994)
Actual surplus before appropriations	76,738,970	42,257,627

DETAILS	2010	2009
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	8,969	8,683
Executive and Council	#REF!	(1,222,733)
Finance and Administration	#REF!	13,064,917
Planning and Development	#REF!	(224,484)
Health	#REF!	1,310,149
Community and Social Services	#REF!	569,927
Housing	#REF!	(715,670)
Public Safety	#REF!	7,239,859
Sport and Recreation	#REF!	(186,204)
Environmental protection	#REF!	-
Waste Management	#REF!	4,067,441
Roads and Transport	#REF!	3,637,271
Water	#REF!	1,268,607
Electricity	#REF!	1,559,726
Inter-departmental Charges	#REF!	(4,034,030)
Actual surplus before appropriations	#REF!	26,343,459

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

## 5.2 Capital Budget:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Variance actual 2009/10 / 2008/09 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive and Council	167,010	534,117	(367,107)	2,885,700	(2,718,690)
Finance and Administration	18,852,561	963,457	17,889,104	1,227,771	17,624,790
Planning and Development	186,306	710,011	(523,704)	70,000	116,306
Health	-	42,534	(42,534)	-	-
Community and Social Services	6,248,594	47,501	6,201,094	5,850,543	398,051
Housing	14,073	468	13,605	103,855	(89,782)
Public Safety	31,840	794,591	(762,752)	7,007,610	(6,975,770)
Sport and Recreation	1,716,732	346,036	1,370,696	26,686,258	(24,969,526)
Waste Management	7,972,841	35,233,923	(27,261,082)	41,778,192	(33,805,351)
Roads and Transport	23,043,982	7,330,597	15,713,385	11,978,974	11,065,008
Water	10,963,358	15,567,971	(4,604,614)	5,554,138	5,409,220
Electricity	10,607,838	6,372,543	4,235,295	37,565,642	(26,957,804)
Other	4,190	3,596,189	(3,591,999)	-	4,190
	79,809,325	71,539,938	8,269,387	140,708,683	(60,899,358)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

## 6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2010 amounted to R 517 446 010 (30 June 2009: R477 562 887) and is made up as follows:

Capital Replacement Reserve	63,377,148
Accumulated Surplus	450,786,123
	<u>514,163,271</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 2 and the Statement of Change in Net Assets for more detail.

## 7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2010 was R22 687 462 (30 June 2009: R23 072 557).

Refer to Note 4 and Appendix "A" for more detail.

## 8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2010 was R87 839 522 (30 June 2009: R75 862 841).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 18 for more detail.

## 9. NON-CURRENT PROVISIONS

Non-current Provisions amounted to R15 818 690 as at 30 June 2010 (30 June 2009: R14 817 692) and is made up as follows:

Provision for Long-term Service	8,338,530
Provision for Rehabilitation of Land-fill Sites	7,480,160
	<u>15,818,690</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 19 for more detail.

## 11. CURRENT LIABILITIES

Current Liabilities amounted to R99 380 274 as at 30 June 2010 (30 June 2009: R107 923 086) and is made up as follows:

Consumer Deposits	Note 12	9,902,512
Provisions	Note 13	6,147,102
Creditors	Note 14	72,887,785
Unspent Conditional Grants and Receipts	Note 15	12,893,257
Current Portion of Long-term Liabilities	Note 17	767,944
		<u>102,598,600</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

## 12. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R758 370 796 as at 30 June 2010 (30 June 2009: R719 160 062).

Refer to Note 7 and Appendices "B, C and E (2)" for more detail.

## 13. INTANGIBLE ASSETS

The net value of Intangible Assets amounted to R112 436 as at 30 June 2010.

Refer to Note 7 for more detail.

## 14. INVESTMENTS

The municipality held Investments to the value of R31 136 860 (2009: R38 072 840).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 10 for more detail.

## 15. LONG-TERM RECEIVABLES

Long-term Receivables amounted to R4 023 024 (2009: R5 575 204) and is made up as follows:

Sale of Erven	60,388
Capitalised Arrear Services	3,962,636
	<u>4,023,024</u>
Less: Short-term portion included in Current Assets	232,480
	<u>3,790,544</u>

Refer to Note 11 for more detail.

## 16. CURRENT ASSETS

Current Assets amounted R86 352 736 as at 30 June 2008 (30 June 2007: R58 495 500) and is made up as follows:

Inventory	Note 2	190,463,166
Trade Receivables from Exchange Transactions	Note 4	84,966,975
Trade Receivables from Non-Exchange Transactions	Note 5	51,187,127
Cash and Cash Equivalents	Note 6	78,182,085
		<u>414,128,834</u>

Refer to the indicated Notes for more detail.

## 17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 15,27 and 35, and Appendix "F" for more detail.

## 18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 47.

## 19. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on continuous basis.

The unbundling process was carried out as at 30 June 2010, with the result that no comparative figures are available for e.g. the Statement of Financial Performance and the Cash Flow Statement. However, it was endeavoured to supply as much information as possible.

## 20. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

31 August 2010



**TLOKWE CITY COUNCIL**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Note	2010 R	2009 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>414,128,834</b>	<b>363,046,885</b>
Inventory	2	190,463,166	193,988,521
Non-current Assets Held-for-Sale	3	9,097,000	-
Trade Receivables from Exchange Transactions	4	84,966,975	68,608,119
Trade Receivables from Non-Exchange Transactions	5	51,187,127	22,899,182
Cash and Cash Equivalents	6	78,182,085	77,548,203
Current Portion of Long-term Receivables	11	232,480	2,860
<b>Non-Current Assets</b>		<b>817,857,636</b>	<b>784,293,369</b>
Property, Plant and Equipment	7	758,370,796	716,225,325
Intangible Assets	8	112,436	-
Investment Property	9	24,420,000	24,420,000
Non-current Investments	10	31,163,860	38,072,840
Long-term Receivables	11	3,790,544	5,575,204
<b>Total Assets</b>		<b>1,231,986,470</b>	<b>1,147,340,254</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>103,074,182</b>	<b>107,923,086</b>
Consumer Deposits	12	9,902,512	9,232,843
Provisions	13	6,147,102	5,009,196
Creditors	14	72,887,785	67,740,967
Unspent Conditional Grants and Receipts	15	12,893,257	24,690,248
Short-term Loans	16	475,583	-
Current Portion of Long-term Liabilities	17	767,944	1,249,832
<b>Non-Current Liabilities</b>		<b>121,243,677</b>	<b>108,507,907</b>
Long-term Liabilities	17	21,919,517	21,822,726
Retirement Benefit Liabilities	18	83,505,470	71,867,489
Non-current Provisions	19	15,818,690	14,817,692
<b>Total Liabilities</b>		<b>224,317,859</b>	<b>216,430,993</b>
<b>Total Assets and Liabilities</b>		<b>1,007,668,611</b>	<b>930,909,261</b>
<b>NET ASSETS</b>		<b>1,007,668,611</b>	<b>930,909,261</b>
Statutory Funds	20	12,091,823	11,897,963
Reserves	21	481,413,517	481,413,517
Accumulated Surplus / (Deficit)	22	514,163,271	437,597,781
<b>Total Net Assets</b>		<b>1,007,668,611</b>	<b>930,909,261</b>

**TLOKWE CITY COUNCIL**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010					
Budget				Actual	
2009	2010		Note	2010	2009
R	R			R	R
REVENUE					
Revenue from Non-exchange Transactions					
68,985,326	77,464,960	Property Rates	23	73,776,606	72,763,076
6,000,065	12,072,867	Fines		17,816,579	12,579,722
2,241,730	2,530,000	Licences and Permits		4,693,632	3,506,915
250,000	261,250	Income for Agency Services		118,155	203,088
44,442,000	61,216,230	Government Grants and Subsidies Received	27	98,800,837	75,131,969
Revenue from Exchange Transactions					
20,994,000	23,400,000	Interest Earned - External Investments	24	9,366,552	14,799,109
-	-	Interest Earned - Outstanding Debtors	24	16,214,287	18,664,110
304,984,147	379,680,644	Service Charges	25	440,479,109	309,589,707
3,792,244	3,898,626	Rental of Facilities and Equipment	26	4,138,919	3,925,464
11,042,110	8,858,476	Other Income	28	13,515,237	14,118,453
-	-	Other Gains - Investment Property Revaluation		-	15,457,000
(82,000)	(82,000)	Revenue Foregone		260	143
<u>462,649,622</u>	<u>569,301,053</u>	Total Revenue		<u>678,920,172</u>	<u>540,738,756</u>
EXPENDITURE					
158,927,553	181,084,467	Employee Related Costs	29	194,519,679	158,692,659
9,997,318	10,916,249	Remuneration of Councillors	30	10,677,958	9,780,937
21,818,135	26,688,076	Depreciation and Amortisation	31	21,736,717	23,569,618
6,000,000	4,000,000	Impairment Losses	32	13,656,504	40,759,317
36,491,934	45,624,212	Repairs and Maintenance		37,776,863	33,281,415
14,685,651	5,606,500	Finance Costs	33	4,809,013	6,201,748
129,567,344	166,771,626	Bulk Purchases	34	166,263,376	128,491,553
25,300,022	42,221,747	Contracted Services		39,303,129	27,318,298
11,254,710	21,334,438	Grants and Subsidies Paid	35	24,977,585	21,688,317
48,598,272	65,044,769	General Expenses	36	88,460,379	48,697,266
<u>462,640,939</u>	<u>569,292,084</u>	Total Expenditure		<u>602,181,203</u>	<u>498,481,128</u>
<u>8,683</u>	<u>8,969</u>	SURPLUS / (DEFICIT) FOR THE YEAR		<u>76,738,970</u>	<u>42,257,627</u>
Refer to Appendix E(1) for explanation of budget variances					

Include details of restatement of prior year figures, due to errors & changes in accounting policies

Ex. The prior year's comparative figures for Employee Related Costs, General Expenses, Government Grants and Subsidies, Depreciation and Repairs and Maintenance have been restated due to the recording of a correction of error. Please refer to notes 37 for detail of the restatements mentioned.

**TLOKWE CITY COUNCIL**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

Description	Housing Development Fund	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R	R
<b>2009</b>				
Balance at 30 JUNE 2008	9,160,445	-	319,412,190	328,572,635
Correction of Error (Note 36)	-	-	66,487,326	66,487,326
<b>Restated Balance</b>	<b>9,160,445</b>	<b>-</b>	<b>385,899,516</b>	<b>395,059,961</b>
Surplus / (Deficit) for the year	-	-	42,257,627	42,257,627
Net gains / (losses) not recognised in the Statement of Financial Performance	-	-	9,461,015	9,461,015
Transfer to Housing Development Fund	2,737,520	-	-	2,737,520
Revaluation of land and buildings	-	481,413,517	-	481,413,517
<b>Balance at 30 JUNE 2009</b>	<b>11,897,965</b>	<b>481,413,517</b>	<b>437,618,159</b>	<b>930,929,641</b>
<b>2010</b>				
Correction of Error (Note 36)	-	-	-	-
<b>Restated Balance</b>	<b>11,897,965</b>	<b>481,413,517</b>	<b>437,618,159</b>	<b>930,929,641</b>
Surplus / (Deficit) for the year	193,857	-	76,738,970	76,738,970
Transfer from Housing Development Fund	-	-	(193,857)	-
Revaluation of land and buildings	-	-	-	-
<b>Balance at 30 JUNE 2010</b>	<b>12,091,822</b>	<b>481,413,517</b>	<b>514,163,271</b>	<b>1,007,668,611</b>
	-	-	-	-

Details on the movement of the Funds and Reserves are set out in Note 20,21 & 22

**TLOKWE CITY COUNCIL**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from Ratepayers, Government and Other		637,491,697	480,814,976
Cash paid to Suppliers and Employees		(586,374,822)	(447,077,941)
<b>Cash generated from / (utilised in) Operations</b>	<b>38</b>	<b>51,116,875</b>	<b>33,737,035</b>
Interest received	24	25,580,839	32,847,550
Interest paid	33	(4,809,013)	(6,201,748)
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>71,888,701</b>	<b>60,382,837</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(79,809,325)	(82,325,285)
(Increase) / decrease in Non-current Investments	10	6,908,980	(1,512,132)
(Increase) / decrease in Long-term Receivables	11	1,555,040	975,985
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(71,345,304)</b>	<b>(82,861,432)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans obtained	16	475,583	-
Loans repaid	17	(385,096)	(17,928,938)
Net movement in Statutory Funds	20	-	2,737,520
Net movement in Accumulated surplus	22	-	33,967,565
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>90,486</b>	<b>18,776,147</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6</b>	<b>633,883</b>	<b>(3,702,448)</b>
Cash and Cash Equivalents at the beginning of the year		77,548,202	81,250,650
Cash and Cash Equivalents at the end of the year		78,182,085	77,548,202

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

**1. GENERAL INFORMATION**

Tlokwe Municipality is a local government institution in Potchefstroom, North West Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

**2. INVENTORY**

Stores - at cost	12,198,100	15,769,041
Land Stock	178,121,300	178,121,300
Water - at Cost	143,767	98,180
<b>Total Inventory</b>	<b>190,463,166</b>	<b>193,988,521</b>
<b>Reconciliation</b>		
Opening Balance	15,769,041	13,965,088
Stock received	9,602,799	13,749,259
Stock issued	(13,173,741)	(11,945,306)
<b>Closing Balance</b>	<b>12,198,100</b>	<b>15,769,041</b>

This reconciliation consists of consumables stores, maintenance materials and spare parts.

Inventory has been restated to adhere to the disclosure provisions for Assets classified as Held-for-Sale. Refer to Note 37 on "Correction of Error" for details of the restatement.

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

Inventory is net of specific provisions for obsolescence.

There is a reconciling difference of R95 437.64 to the stock register as at 30 June 2010. This matter will be investigated and corrected in the 2010/2011 financial year.

Inventory deficits to the value of R2,35 million (2009: R1,17 million) and inventory surpluses to the value of R1,25 million was identified at year with stock take. This resulted in inventory being decreased with a net amount of R1,1 million at year end.

**3. NON-CURRENT ASSETS HELD-FOR-SALE**

Property Held-for-Sale - at cost	9,097,000	-
<b>Total Assets classified as Held-for-Sale</b>	<b>9,097,000</b>	<b>-</b>
<b>Liabilities associated with Assets classified as Held-for-Sale</b>	<b>-</b>	<b>-</b>
<b>Net Assets classified as Held-for-Sale</b>	<b>9,097,000</b>	<b>-</b>

**3.1 Property Held-for-Sale**

The municipality intends to dispose of a parcel of land it no longer utilises in the next few months.

**4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
<b>As at 30 JUNE 2010</b>			
Service Debtors:	81,829,659	39,190,141	42,639,518
Electricity	39,355,193	18,848,124	20,507,069
Refuse	7,123,474	3,411,599	3,711,876
Sewerage	9,387,785	4,496,030	4,891,755
Water	25,963,207	12,434,388	13,528,819
Other Debtors	79,268,887	36,941,430	42,327,457
<b>Total Consumer Debtors</b>	<b>161,098,546</b>	<b>76,131,570</b>	<b>84,966,975</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	Gross Balances	2010 R Provision for Impairment	2009 R Net Balances
<b>As at 30 JUNE 2009</b>			
Service Debtors:	64,462,963	31,740,283	32,722,680
Electricity	30,342,103	14,939,849	15,402,254
Refuse	7,056,865	3,474,660	3,582,205
Sewerage	8,289,655	4,081,662	4,207,994
Water	18,774,339	9,244,112	9,530,227
Other Debtors	82,474,821	46,589,382	35,885,439
<b>Total Consumer Debtors</b>	<b>146,937,784</b>	<b>78,329,665</b>	<b>68,608,119</b>

Consumer debtors are billed monthly, normally on the 23 rd of each month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. A credit control policy has been approved by council to ensure recovery of Consumer debtors.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer debtors.

	2010 R	2009 R
<b>4.1 Ageing of Consumer Debtors</b>		
<b>Electricity: Ageing</b>		
<u>Current:</u>		
0 - 30 days	30,607,326	-
<u>Past Due:</u>		
31 - 60 Days	1,314,229	15,891,009
61 - 90 Days	654,465	845,620
91 - 120 Days	471,348	13,605,474
+ 120 Days	6,307,825	-
<b>Total</b>	<b>39,355,193</b>	<b>30,342,103</b>
<b>Refuse: Ageing</b>		
<u>Current:</u>		
0 - 30 days	1,193,747	-
<u>Past Due:</u>		
31 - 60 Days	321,961	1,084,440
61 - 90 Days	241,227	280,058
91 - 120 Days	205,168	5,692,367
+ 120 Days	5,161,372	-
<b>Total</b>	<b>7,123,474</b>	<b>7,056,865</b>
<b>Sewerage: Ageing</b>		
<u>Current:</u>		
0 - 30 days	2,068,667	-
<u>Past Due:</u>		
31 - 60 Days	466,845	1,795,698
61 - 90 Days	362,277	376,510
91 - 120 Days	330,801	6,117,447
+ 120 Days	6,159,194	-
<b>Total</b>	<b>9,387,785</b>	<b>8,289,655</b>
<b>Water: Ageing</b>		
<u>Current:</u>		
0 - 30 days	12,327,904	-
<u>Past Due:</u>		
31 - 60 Days	691,256	2,497,328
61 - 90 Days	541,684	750,917
91 - 120 Days	450,343	15,526,094
+ 120 Days	11,952,020	-
	<b>2010 R</b>	<b>2009 R</b>
<b>Total</b>	<b>25,963,207</b>	<b>18,774,339</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**4.2 Summary of Debtors by Customer Classification**

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
<b>As at 30 JUNE 2010</b>					
<u>Current:</u>					
0 - 30 days	20,438,380	9,313,217	4,380,727	28,867,236	62,999,560
<u>Past Due:</u>					
31 - 60 Days	3,709,693	627,888	845,015	-	5,182,596
61 - 90 Days	2,781,749	405,575	547,905	-	3,735,229
+ 90 Days	2,654,611	311,204	464,242	-	3,430,057
+ 120 Days	77,007,415	6,184,676	2,559,012	-	85,751,103
Sub-total	106,591,848	16,842,560	8,796,901	28,867,236	161,098,545
Less: Provision for Impairment	55,928,632	8,676,420	-	11,526,519	76,131,570
<b>Total Debtors Classification</b>	<b>50,663,216</b>	<b>8,166,140</b>	<b>8,796,901</b>	<b>17,340,717</b>	<b>84,966,975</b>

**As at 30 JUNE 2009**

<u>Current:</u>					
0 - 30 days	-	-	-	-	-
<u>Past Due:</u>					
31 - 60 Days	-	-	-	-	-
61 - 90 Days	9,520,784	7,059,323	5,243,618	2,492,898	24,316,623
+ 90 Days	1,917,908	524,043	457,304	1,563,428	4,462,683
+ 120 Days	51,939,017	7,974,291	2,980,904	55,264,266	118,158,478
Sub-total	63,377,709	15,557,657	8,681,826	59,320,592	146,937,784
Less: Provision for Impairment	22,332,636	1,420,429	-	54,576,600	78,329,665
<b>Total Debtors Classification</b>	<b>41,045,073</b>	<b>14,137,228</b>	<b>8,681,826</b>	<b>4,743,992</b>	<b>68,608,119</b>

	2010 R	2009 R
<b>4.3 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	78,329,665	50,679,696
Impairment Losses - Consumer Debtors	(1,175,764)	21,669,552
Impairment Losses - Arrangements	(1,022,331)	5,980,417
<b>Balance at end of year</b>	<b>76,131,570</b>	<b>78,329,665</b>

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

**5. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Assessment Rates debtors	28,101,183	28,137,854
Payments made in Advance	304,332	218,421
Sundry Debtors	22,135,639	8,397,427
VAT	14,104,714	-
	64,645,869	36,753,703
Less: Provision for Impairment	(13,458,741)	(13,854,521)
<b>Total Other Debtors</b>	<b>51,187,127</b>	<b>22,899,182</b>

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Other Debtors have been restated to correctly classify amounts to be included in Other Debtors. Refer to Note 37 on "Correction of Error" for details of the restatement.

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
<b>As at 30 JUNE 2010</b>			
Service Debtors:	28,102,074	13,458,741	14,643,333
Assessment Rates	28,102,074	13,458,741	14,643,333
<b>Total Assessment Rates Debtors</b>	<b>28,102,074</b>	<b>13,458,741</b>	<b>14,643,333</b>
<b>As at 30 JUNE 2009</b>			
Service Debtors:	28,137,854	13,854,521	14,283,333
Assessment Rates	28,137,854	13,854,521	14,283,333
<b>Total Assessment Rates Debtors</b>	<b>28,137,854</b>	<b>13,854,521</b>	<b>14,283,333</b>

**5.1. Ageing of Consumer Debtors**

***Rates: Ageing***

*Current:*

0 - 30 days

3,428,397

-

*Past Due:*

31 - 60 Days

1,598,457

3,604,046

61 - 90 Days

1,286,903

1,113,601

91 - 120 Days

523,975

23,420,207

+ 120 Days

21,264,342

-

**Total**

**28,102,073**

**28,137,854**

**5.2. Reconciliation of the Provision for Impairment**

Balance at beginning of year	13,854,521	-
Impairment Losses - Consumer Debtors	(395,780)	13,854,521
<b>Balance at end of year</b>	<b>13,458,741</b>	<b>13,854,521</b>

**6. CASH AND CASH EQUIVALENTS**

Bank, Cash and Cash Equivalents	17,678,632	5,359,849
Current Investment Deposits	60,503,453	72,188,353
<b>Total Cash and Cash Equivalents</b>	<b>78,182,085</b>	<b>77,548,202</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**6.1 Current Investment Deposits**

Call Deposits	-	13,053,917
Notice Deposits	60,503,453	58,635,320
<b>Total Current Investment Deposits</b>	<b>60,503,453</b>	<b>71,689,237</b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6.00 % to 7.20 % per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 6.59 % to 7.80 % per annum.



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
The Municipality has the following bank accounts:		
<b>6.2 Bank Accounts</b>		
<b>Primary Bank Account</b>		
<i>Absa Bank Limited - Potchefstroom Branch - Account number 680000093</i>		
Cash book balance at beginning of year	(12,825,267)	6,713,698
Cash book balance at end of year	<u>(3,332,268)</u>	<u>(12,825,267)</u>
Bank statement balance at beginning of year	13,823,889	54,650,165
Bank statement balance at end of year	<u>33,044,022</u>	<u>13,823,889</u>
The Cash book balance is indicating an overdraft however the Council do not have an overdraft facility; this overdraft is reconciled to the Bank Statement Balance.		
<b>Current Account (Housing Account)</b>		
<i>Absa Bank Limited - Potchefstroom Branch - Account number 405584178</i>		
Cash book balance at beginning of year	8,901,455	8,152,409
Cash book balance at end of year	<u>9,697,216</u>	<u>8,901,455</u>
Bank statement balance at beginning of year	8,901,455	8,152,409
Bank statement balance at end of year	<u>9,333,776</u>	<u>8,901,455</u>
<b>Current Account (Council Grant Funds)</b>		
<i>Absa Bank Limited - Potchefstroom Branch - Account number 405583287</i>		
Cash book balance at beginning of year	9,248,035	8,529,268
Cash book balance at end of year	<u>10,826,959</u>	<u>9,248,035</u>
Bank statement balance at beginning of year	9,248,035	8,529,268
Bank statement balance at end of year	<u>9,697,216</u>	<u>9,248,035</u>
<b>Current Account (Tlokwe Youth Centre)</b>		
<i>Absa Bank Limited - Potchefstroom Branch - Account number 4073943415</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>475,583</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>475,583</u>	<u>-</u>
<b>6.3 Cash and Cash equivalents</b>		
Cash Floats and Advances	25,992	25,193
Other Cash Equivalents	(14,850)	10,433
Cash on hand in Cash Floats, Advances and Equivalents	<u>11,142</u>	<u>35,626</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**7. PROPERTY, PLANT AND EQUIPMENT**

**30 JUNE 2010**

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
<b>Carrying values at 01 JULY 2009</b>	<b>508,294,743</b>	<b>152,154,312</b>	<b>9,526,045</b>	<b>805,425</b>	<b>39,243,736</b>	<b>139,294</b>	<b>-</b>	<b>716,225,325</b>
Cost	65,616,009	422,398,525	29,665,615	827,294	106,788,185	1,413,962	-	626,709,590
- Completed Assets	65,616,009	422,398,525	29,665,615	827,294	106,788,185	1,413,962	-	626,709,590
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 37)	(17,449,963)	49,298,843	11,222,979	3,486	(47,600,655)	(959,744)	-	(5,485,053)
Correction of opening balance Classification error (Note 37)	17,369,878	(35,512,891)	1,459,108	(1)	10,622,135	1	-	-
Revaluation	481,413,517	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(38,654,698)	(284,030,166)	(32,821,657)	(25,354)	(30,565,929)	(314,925)	-	(386,412,729)
- Cost	(35,416,827)	(164,405,755)	(13,446,863)	(25,354)	(62,449,985)	(308,442)	-	(276,053,226)
- Correction of error	(3,237,871)	(119,624,411)	(19,374,794)	-	31,884,066	(6,483)	-	(110,359,503)
Acquisitions	120,716	51,512,452	5,023,557	-	23,152,600	-	-	79,809,325
Revaluations	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1,452,824)	(7,800,312)	(1,446,112)	-	(10,981,659)	(18,169)	-	(21,699,076)
- Based on Cost	(1,452,824)	(7,800,312)	(1,446,112)	-	(10,981,659)	(18,169)	-	(21,699,076)
- Disposals	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	(97,241)	-	-	(708,767)	-	-	(806,008)
- Cost	-	(1,292,301)	-	-	(909,296)	-	-	(2,201,597)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	1,195,060	-	-	200,529	-	-	1,395,589
- Based on Cost	-	1,195,060	-	-	200,529	-	-	1,395,589
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	(9,097,000)	-	-	-	-	-	-	(9,097,000)
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
<b>Carrying values at 30 JUNE 2010</b>	<b>497,865,635</b>	<b>195,769,211</b>	<b>13,103,490</b>	<b>805,425</b>	<b>50,705,910</b>	<b>121,125</b>	<b>-</b>	<b>758,370,796</b>
Cost	35,020,295	432,860,024	40,029,840	805,425	73,971,638	454,218	-	583,141,440
- Completed Assets	35,020,295	432,860,024	40,029,840	805,425	73,971,638	454,218	-	583,141,440
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	481,413,517	-	-	-	-	-	-	481,413,517
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(18,568,177)	(237,090,813)	(26,926,350)	-	(23,265,728)	(333,093)	-	(306,184,161)
- Cost	(18,568,177)	(237,090,813)	(26,926,350)	-	(23,265,728)	(333,093)	-	(306,184,161)
- Revaluation	-	-	-	-	-	-	-	-

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**30 JUNE 2009**

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
<b>Carrying values at 01 JULY 2008</b>	<b>34,162,098</b>	<b>195,652,942</b>	<b>16,003,526</b>	<b>2</b>	<b>48,311,803</b>	<b>1,152,635</b>	<b>-</b>	<b>295,283,006</b>
Cost	67,953,407	348,048,366	28,498,250	25,356	102,088,494	1,413,962	-	548,027,835
- Completed Assets	67,953,407	348,048,366	28,498,250	25,356	102,088,494	1,413,962	-	548,027,835
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 37)	(17,449,963)	49,298,843	11,222,979	3,486	(47,600,655)	(959,744)	-	(5,485,053)
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(33,791,309)	(152,395,424)	(12,494,724)	(25,354)	(53,776,691)	(261,327)	-	(252,744,829)
- Cost	(17,894,480)	(70,442,612)	(7,640,319)	-	(41,104,320)	(261,327)	-	(137,333,058)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	(25,354)	(12,672,371)	-	-	(115,411,771)
Acquisitions	945,342	74,350,160	1,167,365	801,938	6,448,493	-	-	83,713,298
Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Cost	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Transfers to Intangible Assets:	-	-	-	-	(1,388,013)	-	-	(1,388,013)
- Cost	-	-	-	-	(1,748,800)	-	-	(1,748,800)
- Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	360,787	-	-	360,787
- Based on Cost	-	-	-	-	360,787	-	-	360,787
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	481,413,517	-	-	-	-	-	-	481,413,517
- Cost	-	-	-	-	-	-	-	-
- Revaluation	481,413,517	-	-	-	-	-	-	481,413,517
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
<b>Carrying values at 30 JUNE 2009</b>	<b>490,924,865</b>	<b>187,667,203</b>	<b>8,066,937</b>	<b>805,426</b>	<b>28,621,601</b>	<b>139,293</b>	<b>-</b>	<b>716,225,325</b>
Cost	48,166,046	471,697,368	40,888,594	830,780	59,187,530	454,218	-	621,224,537
- Completed Assets	65,616,009	422,398,525	29,665,615	827,294	106,788,185	1,413,962	-	626,709,590
- Correction of error	(17,449,963)	49,298,843	11,222,979	3,486	(47,600,655)	(959,744)	-	(5,485,053)
Revaluation	481,413,517	-	-	-	-	-	-	481,413,517
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(38,654,698)	(284,030,166)	(32,821,657)	(25,354)	(30,565,929)	(314,925)	-	(386,412,729)
- Cost	(19,509,998)	(82,452,943)	(8,592,458)	-	(49,777,614)	(308,442)	-	(160,641,455)
- Write off	(15,906,829)	(81,952,812)	(4,854,405)	(25,354)	(12,672,371)	-	-	(115,411,771)
- Correction of error (Note 37)	(3,237,871)	(119,624,411)	(19,374,794)	-	31,884,056	(6,483)	-	(110,359,503)

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>7. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>7.1 Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use:</b>		
Land and Buildings	497,865,635	490,924,865
Infrastructure	195,769,211	187,667,203
Community	13,103,490	8,066,937
Heritage	805,425	805,426
Other	50,705,910	28,621,601
Housing Development Fund	121,125	139,293
<b>Carrying Value of PPE fully depreciated and still in use</b>	<b>758,370,796</b>	<b>716,225,325</b>

**7.2 Assets pledged as security:**

No assets have been pledged as security.

**7.3 Impairment of Property, Plant and Equipment:**

Impairment of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values are disclosed.

**7.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:**

The Remaining Useful Life of property, plant and equipment was taken into consideration by the consultants, Ducharme Consulting, during the process of identifying property, plant and equipment and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Change in Useful Life were not calculated separately and therefore no changes in values are disclosed.

**7.5 Land and Buildings carried at Fair Value:**

Land and Buildings were revalued to fair value by using the municipal valuation roll. The effective date of revaluation was 01 July 2009. The valuation was done by municipal valuer, registered and independent valuers. The NHBR indices, which indicate current building costs, were used to determine replacement values.

The revaluation surplus was credited to the Revaluation Reserve in Net Assets.

**8. INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>112,436</b>	<b>-</b>
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The movement in Intangible Assets is reconciled as follows:

	Computer Software	Valuation Roll	Service & Operating rights	Total
<b>Carrying values at 01 JULY 2009</b>	-	-	-	-
Cost	-	-	-	-
Accumulated Revaluation	-	-	-	-
Accumulated Amortisation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
<b>Acquisitions during the Year:</b>	-	-	-	-
Purchased	-	-	-	-
Internally Developed	-	-	-	-
<b>Work-in-Progress at Year-end</b>	-	-	-	-
<b>Increases in Revaluations during the Year</b>	-	-	-	-
<b>Amortisation during the Year:</b>	-	-	-	-
Purchased	-	-	-	-
Internally Developed	-	-	-	-

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

			2010 R	2009 R
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost				
At Accumulated Revaluation				
At Accumulated Amortisation				
At Accumulated Impairment				
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	112,436	112,436
At Cost	2,207,240	-	1,529,012	3,736,252
At Accumulated Revaluation	(2,207,240)	-	(1,416,576)	(3,623,816)
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
<b>Carrying values at 30 JUNE 2010</b>	-	-	<b>112,436</b>	<b>112,436</b>
Cost	2,207,240	-	1,529,012	3,736,252
Accumulated Revaluation	(2,207,240)	-	(1,416,576)	(3,623,816)
Accumulated Amortisation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
	<b>Computer Software</b>	<b>Valuation Roll</b>	<b>Service &amp; Operating rights</b>	<b>Total</b>
<b>Carrying values at 01 JULY 2008</b>	-	-	-	-
Cost				
Accumulated Revaluation				
Accumulated Amortisation				
Accumulated Impairment Losses				
Acquisitions during the Year:	-	1,748,800	-	1,748,800
Purchased				
Transfer from Property, Plant & Equipment		1,748,800	-	1,748,800
Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	-	(360,787)	-	(360,787)
Purchased				
Transfer from Property, Plant & Equipment		(360,787)	-	(360,787)
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost				
At Accumulated Revaluation				
At Accumulated Amortisation				
At Accumulated Impairment				
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	(1,388,013)	-	(1,388,013)
At Cost	-	(1,748,800)	-	(1,748,800)
At Accumulated Revaluation	-	-	-	-
At Accumulated Amortisation	-	360,787	-	360,787
At Accumulated Impairment	-	-	-	-
<b>Carrying values at 30 JUNE 2009</b>	-	-	-	-
Cost				
Accumulated Revaluation				
Accumulated Amortisation				
Accumulated Impairment Losses				

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**

**2009**  
**R**

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

**9. INVESTMENT PROPERTY**

At Fair Value

At Cost less Accumulated Depreciation

**24,420,000**

**24,420,000**

The movement in Investment Property is reconciled as follows:

**Carrying values at 1 July 2009**

**24,420,000**

-

Cost

-

-

Fair Value

24,420,000

-

Accumulated Depreciation

-

-

Accumulated Impairment Losses

-

-

Capitalised

-

8,963,000

Revaluation

-

15,457,000

Correction of error

-

-

Impairment Losses during the Year

-

-

Disposals during the Year:

-

-

At Cost

-

-

At Accumulated Depreciation

-

-

At Accumulated Impairment

-

-

Reversal of Impairment Losses during the Year

-

-

Transfers during the Year:

-

-

At Cost

-

-

At Accumulated Depreciation

-

-

At Accumulated Impairment

-

-

**Carrying values at 30 June 2010**

**24,420,000**

**24,420,000**

Cost

-

-

Fair Value

24,420,000

24,420,000

Accumulated Depreciation

-

-

Accumulated Impairment

-

-

**Estimated Fair Value of Investment Property at 30 June**

**24,420,000**

**24,420,000**

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

**10. NON-CURRENT INVESTMENTS**

**Financial Instruments**

Long-term Investments

31,163,860

38,072,840

**Total Investments**

All Investments

31,163,860

38,072,840

**31,163,860**

**38,072,840**

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 9,42 % to 15,27 % per annum.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
The Long-term investments consist of the following:		
Investec	-	8,920,109
Securities SA (Ltd)	31,163,860	29,152,731
	<b>31,163,860</b>	<b>38,072,840</b>

**11. LONG-TERM RECEIVABLES**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 JUNE 2010</b>			
Debtors Capitalised Arrear Services	3,962,636	-	3,962,636
Sale of Erven	60,388	-	60,388
	<u>4,023,024</u>	<u>-</u>	<u>4,023,024</u>
Less: Current Portion transferred to Current Receivables:-			232,480
Short-term portion of long-term receivables			<u>232,480</u>
<b>Total Long-term Receivables</b>			<b><u>3,790,544</u></b>
	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 JUNE 2009</b>			
Car Loans	2,860	-	2,860
Debtors Capitalised Arrear Services	5,476,585	-	5,476,585
Sale of Erven	98,619	-	98,619
	<u>5,578,064</u>	<u>-</u>	<u>5,578,064</u>
Less: Current Portion transferred to Current Receivables:-			2,860
Car Loans			<u>2,860</u>
<b>Total Long-term Receivables</b>			<b><u>5,575,204</u></b>

**DEBTORS CAPITALISED ARREAR SERVICES**

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

**SALE OF ERVEN**

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

**12. CONSUMER DEPOSITS**

Electricity and Water	9,902,512	9,232,843
<b>Total Consumer Deposits</b>	<b><u>9,902,512</u></b>	<b><u>9,232,843</u></b>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>13. PROVISIONS</b>		
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note below)	4,334,052	3,995,352
Current Portion of Long-term service awards (See Note below):	1,116,784	670,228
Performance Bonuses	696,266	343,616
<b>Total Provisions</b>	<b><u>6,147,102</u></b>	<b><u>5,009,196</u></b>

**Long-Term Service**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

**Post Retirement Medical Aid**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The movement in current provisions are reconciled as follows:

**Current Portion of Non-Current Provisions:**

	Performance Bonuses R
<b>30 JUNE 2010</b>	
Balance at beginning of year	343,616
Contributions to provision	352,651
<b>Balance at end of year</b>	<b><u>696,266</u></b>

**30 JUNE 2009**

Balance at beginning of year	-
Contributions to provision	343,616
<b>Balance at end of year</b>	<b><u>343,616</u></b>

**Current Portion of Non-Current Provisions:**

	Long-term Service R	Post-retirement Benefit liability R
<b>30 JUNE 2010</b>		
Balance at beginning of year	670,228	3,995,352
Transfer from non-current	(670,228)	(3,995,352)
Contributions to provision	1,116,784	4,334,052
<b>Balance at end of year</b>	<b><u>1,116,784</u></b>	<b><u>4,334,052</u></b>

**30 JUNE 2009**

Balance at beginning of year	-	-
Contributions to provision	670,228	3,995,352
<b>Balance at end of year</b>	<b><u>670,228</u></b>	<b><u>3,995,352</u></b>



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>14. CREDITORS</b>		
Accrued leave	10,345,141	8,978,616
Other Creditors	1,068,291	208,457
Payments received in Advance	6,492,168	9,915,864
Payments received in Advance - Halls	41,133	-
Payments received in Advance - Prepaid electricity	2,899,890	-
Provision - Compensation insurance	761,488	-
Provision - SALGA Wage Curve increase	2,613,780	-
Provision - SARS Interest	420,866	-
Retentions	8,433,936	9,502,109
Sundry Deposits	490,696	380,989
Suspense - Other	11,957,266	7,322,918
Trade Creditors	26,991,650	31,432,015
VAT	371,481	-
<b>Total Creditors</b>	<b>72,887,785</b>	<b>67,740,967</b>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**Staff Leave** accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

**15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

<b>15.1 Conditional Grants from Government</b>	<b>11,269,608</b>	<b>22,674,491</b>
National Government Grants	3,364,244	10,876,311
Provincial Government Grants	6,529,820	9,754,335
Local Government Grants	118,587	1,082,996
Other Spheres of Government	1,256,957	960,849
<b>15.2 Other Conditional Receipts</b>	<b>1,623,649</b>	<b>2,015,757</b>
Lotto: Sport Facilities	1,623,649	2,015,757
<b>Total Conditional Grants and Receipts</b>	<b>12,893,257</b>	<b>24,690,248</b>

Refer to Appendix "F" for more detail on Conditional Grants.

**16. SHORT-TERM LOANS**

Tlokwe Youth Centre	475,583	-
<b>Total Short-term Loans</b>	<b>475,583</b>	<b>-</b>

The short-term loan consists out of money received o.b.o. Tlokwe Youth Centre.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>17. LONG TERM LIABILITIES</b>		
Annuity Loans	22,687,462	23,072,557
Sub-total	<u>22,687,462</u>	<u>23,072,557</u>
Less: Current Portion transferred to Current Liabilities:-	767,944	1,249,832
Annuity Loans	<u>767,944</u>	<u>1,249,832</u>
<b>Total Long-term Liabilities</b> (Neither past due, nor impaired)	<u><b>21,919,518</b></u>	<u><b>21,822,726</b></u>

**17.1 Summary of Arrangements**

Annuity Loans are repaid over a period of 20 (2009: 20) years and at interest rates varying from 15.25% to 15.45% (2009: 12.47% to 12.66%) per annum.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

	2010 R	2009 R
<b>18. RETIREMENT BENEFIT LIABILITIES</b>		
<b>18.1 Post-retirement Health Care Benefits Liability</b>		
Balance at beginning of Year	71,867,489	72,822,724
Contributions to Provision	15,972,033	3,040,117
Balance at end of Year	<u>87,839,522</u>	<u>75,862,841</u>
Transfer to Current Provisions	(4,334,052)	(3,995,352)
<b>Total Post-retirement Health Care Benefits Liability</b>	<u><b>83,505,470</b></u>	<u><b>71,867,489</b></u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2010 by Arch Actuaries, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	607	584
In-service Members (Employees) - Non-members	100	-
Continuation Members (Retirees, widowers and orphans)	163	166
<b>Total Members</b>	<u><b>870</b></u>	<u><b>750</b></u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
The liability in respect of past service has been estimated as follows:		
In-service Members	31,906,183	20,887,705
Continuation Members	55,933,339	54,975,136
<b>Total Liability</b>	<b><u>87,839,522</u></b>	<b><u>75,862,841</u></b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Hosmed
- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2010 is estimated to be R1 683 500, whereas the cost for the ensuing year is estimated to be R2 541 400.

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	9.15%	9.21%
Health Care Cost Inflation Rate	7.22%	7.39%
Net Effective Discount Rate	1.8%	1.69%
Expected Rate of Salary Increase	8.48%	6.64%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	75,862,841	76,460,968
Current service costs	1,683,538	1,761,182
Interest cost	6,803,805	8,175,612
Benefits paid	(3,995,352)	(3,638,244)
Actuarial losses / (gains)	7,484,690	(6,896,677)

<b>Present Value of Fund Obligation at the end of the Year</b>	<b><u>87,839,522</u></b>	<b><u>75,862,841</u></b>
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Actuarial losses / (gains) unrecognised	-	-
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<b>Total Recognised Benefit Liability</b>	<b><u>87,839,522</u></b>	<b><u>75,862,841</u></b>
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**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	1,683,538	1,761,182
Interest cost	6,803,805	8,175,612
Actuarial losses / (gains)	7,484,690	(6,896,677)

<b>Total Post-retirement Benefit included in Employee Related Costs (Note 26)</b>	<b><u>15,972,033</u></b>	<b><u>3,040,117</u></b>
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**The history of experienced adjustments is as follows:**

	2010 R	2009 R	2008 R	2007 R	2006 R
Present Value of Defined Benefit Obligation	87,839,522	75,862,841	76,460,968	70,255,793	-
<b>Deficit</b>	<b><u>87,839,522</u></b>	<b><u>75,862,841</u></b>	<b><u>76,460,968</u></b>	<b><u>70,255,793</u></b>	<b><u>-</u></b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	1,305,200	1,550,100
Effect on the defined benefit obligation	10,946,000	10,075,000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(1,063,900)	(1,261,700)
Effect on the defined benefit obligation	(9,552,000)	(8,359,000)

The municipality expects to make a contribution of R4 334 million (2010: R3 995 352 million) to the Defined Benefit Plans during the next financial year.

**19. NON-CURRENT PROVISIONS**

Provision for Long Service Awards	8,338,530	7,827,142
Provision for Rehabilitation of Land-fill Sites	7,480,160	6,990,550
<b>Total Non-current Provisions</b>	<b><u>15,818,690</u></b>	<b><u>14,817,692</u></b>

The movement in Non-current Provisions are reconciled as follows:

	<b>Long Service Awards</b>	<b>Land-fill Sites</b>
	<b>R</b>	<b>R</b>
<b>30 June 2010</b>		
Balance at beginning of year	8,497,370	6,990,550
Contributions to provision	957,944	489,610
Reduction due to re-measurement	<u>9,455,314</u>	<u>7,480,160</u>
Transfer to current provisions	(1,116,784)	-
<b>Balance at end of year</b>	<b><u>8,338,530</u></b>	<b><u>7,480,160</u></b>
<b>30 June 2009</b>		
Balance at beginning of year	7,799,482	6,355,045
Contributions to provision	697,888	635,505
	<u>8,497,370</u>	<u>6,990,550</u>
Transfer to current provisions	(670,228)	-
<b>Balance at end of year</b>	<b><u>7,827,142</u></b>	<b><u>6,990,550</u></b>

**19.1 Long Service Awards**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2010 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 958 (2009: 950) employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2010 is estimated to be R914 355, whereas the cost for the ensuing year is estimated to be R1 092 028.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	8.94%	9.04%
Net Effective Discount Rate	2.14%	2.27%
Expected Rate of Salary Increase	6.34%	6.62%
Expected Retirement Age - Females	58	63
Expected Retirement Age - Males	63	58

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	8,497,370	7,799,482
Current service costs	914,355	853,303
Interest cost	738,315	820,331
Benefits paid	(670,228)	(672,636)
Actuarial losses / (gains)	(24,498)	(303,110)

<b>Present Value of Fund Obligation at the end of the Year</b>	<b>9,455,314</b>	<b>8,497,370</b>
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Actuarial losses / (gains) unrecognised	-	-
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<b>Total Recognised Benefit Liability</b>	<b>9,455,314</b>	<b>8,497,370</b>
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**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	914,355	853,303
Interest cost	738,315	820,331
Actuarial losses / (gains)	(24,498)	(303,110)
Vested past service costs	-	(672,636)

<b>Total Post-retirement Benefit included in Employee Related Costs (Note 26)</b>	<b>1,628,172</b>	<b>697,888</b>
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**The history of experienced adjustments is as follows:**

	2010 R	2009 R	2008 R	2007 R	2006 R
Present Value of Defined Benefit Obligation	9,455,314	8,497,370	7,799,482	6,746,738	-
<b>Deficit</b>	<b>9,455,314</b>	<b>8,497,370</b>	<b>7,799,482</b>	<b>6,746,738</b>	<b>-</b>

The transitional Defined Benefit Liabilities for Long Service Awards have been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2010.

	2010 R	2009 R
<b>The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:</b>		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	95,721	101,370
Effect on the defined benefit obligation	490,000	490,000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(86,711)	(91,954)
Effect on the defined benefit obligation	(449,000)	(449,000)

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

**19.2 Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R7 480 160 (2009: R 6 990 550) to restore the site at the end of its useful life, estimated to be in 2033. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.

**20. STATUTORY FUNDS**

Housing Development Fund:	12,091,823	11,897,964
<b>Total Statutory Funds</b>	<b><u>12,091,823</u></b>	<b><u>11,897,964</u></b>

**20.1 Housing Development Fund**

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**Reconciliation of the Housing Development Fund:**

Balance at beginning of year	11,897,965	9,160,445
Revenue:	433,020	3,070,539
Land Sales	-	2,996,385
Interest on Housing Account	433,020	-
Housing Rental Debtors	-	74,154
Less; Expenditure:	239,162	333,020
Funding of Operationing Projects	239,162	333,020
<b>Balance at end of year</b>	<b><u>12,091,823</u></b>	<b><u>11,897,964</u></b>

**The Housing Development Fund is represented by the following Assets and Liabilities:**

**21. RESERVES**

Revaluation Reserve	481,413,517	481,413,517
<b>Total Reserves</b>	<b><u>481,413,517</u></b>	<b><u>481,413,517</u></b>

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
The following restrictions are placed on the distribution of the balance of the reserve:		
<b>Reconciliation of the Revaluation Reserve:</b>		
Balance at beginning of year	481,413,517	-
Revaluation	-	481,413,517
Depreciation transferred to surplus	-	-
Transfer due to disposal of revalued assets	-	-
<b>Balance at end of year</b>	<b><u>481,413,517</u></b>	<b><u>481,413,517</u></b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

## 22. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	63,377,148	-
Accumulated Surplus / (Deficit) due to the results of Operations	450,786,123	437,597,781
<b>Total Accumulated Surplus</b>	<b><u>514,163,271</u></b>	<b><u>437,597,781</u></b>

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

## 23. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2010 R000's	July 2009 R000's	2010 R	2009 R
Residential	12,539,154,700	404,305,810	40,480,026	37,137,676
Commercial	2,178,513,000	119,554,700	21,027,368	17,289,159
Agricultural	2,800,962,000	-	2,338,783	-
State	796,324,000	35,059,500	8,044,276	4,247,701
Municipal	4,176,000	1,108,900	14,125	115,692
Exempted Properties	1,234,298,900	180,147,250	-	-
Other	2,095,667,450	112,374,850	11,219,500	13,972,848
Rebates	-	-	(9,347,473)	-
<b>Total Assessment Rates</b>	<b><u>21,649,096,050</u></b>	<b><u>852,551,010</u></b>	<b><u>73,776,606</u></b>	<b><u>72,763,076</u></b>
Attributable to:				
Continuing Operations			73,776,606	72,763,076
Discontinued Operations			-	-
			<b><u>73,776,606</u></b>	<b><u>72,763,076</u></b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last valuation came into effect 1 July 2009.

Rates are levied monthly on property owners and are payable the 10th of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>24. INTEREST EARNED</b>		
<b>External Investments:</b>		
Bank Account	1,948,770	3,690,496
Investments	6,984,736	10,382,399
Other Interest	26	6,787
Interest earned on Housing Development Fund	433,019	719,426
	<u><b>9,366,552</b></u>	<u><b>14,799,109</b></u>
<b>Outstanding Debtors:</b>		
Outstanding Billing Debtors	16,214,287	18,664,110
	<u><b>16,214,287</b></u>	<u><b>18,664,110</b></u>
<b>Total Interest Earned</b>	<u><b>25,580,839</b></u>	<u><b>33,463,218</b></u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	9,366,552	14,799,109
Loans and Receivables	16,214,287	18,664,110
	<u>25,580,839</u>	<u>33,463,218</u>
Interest Earned on Non-financial Assets	<u>-</u>	<u>-</u>
	<u><b>25,580,839</b></u>	<u><b>33,463,218</b></u>
<b>25. SERVICE CHARGES</b>		
Sale of Electricity	324,735,407	211,944,484
Sale of Water	64,102,223	51,738,603
Refuse Removal	17,180,063	15,396,446
Sewerage and Sanitation Charges	34,461,415	30,510,174
<b>Total Service Charges</b>	<u><b>440,479,109</b></u>	<u><b>309,589,707</b></u>
Attributable to:		
Continuing Operations	440,479,109	309,589,707
Discontinued Operations	-	-
	<u><b>440,479,109</b></u>	<u><b>309,589,707</b></u>
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
<b>26. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Amenities	2,215,661	1,768,735
Rental Revenue from Halls	105,418	158,562
Rental Revenue from Land	435,024	442,944
Rental Revenue from Other Facilities	1,382,816	1,555,223
<b>Total Rental of Facilities and Equipment</b>	<u><b>4,138,919</b></u>	<u><b>3,925,464</b></u>
Attributable to:		
Continuing Operations	4,138,919	3,925,464
Discontinued Operations	-	-
	<u><b>4,138,919</b></u>	<u><b>3,925,464</b></u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES</b>		
National Equitable share	54,012,271	44,600,055
National FMS Grant	750,000	2,004,415
<b>Operational Grants</b>	<u>54,762,271</u>	<u>46,604,470</u>
<b>Conditional Grants</b>	44,038,566	28,527,499
National: MIG	35,475,288	5,160,713
National: NER	2,095,492	10,000,000
National: Fire & Emergency Grant	299,147	-
National: SETA Grant	371,039	241,141
Provincial: Library Grant	3,376,586	303,462
Provincial: Promoting Culture Grant	41,021	59,983
Provincial: City Branding Grant	156,431	413,861
Provincial: LED Township History Grant	238,740	-
Provincial: Economic Growth & Development Grant	9,120	91,200
Provincial: Promoting Culture Grant	31,210	59,983
Provincial: Transport Infrastructure Grant	600	-
Other Spheres of Government: Various Grants	1,943,892	12,197,155
<b>Transferred from Deferred Revenue</b> (offset depreciation on assets funded from Grants)	-	-
<b>Total Government Grants and Subsidies</b>	<u><u>98,800,837</u></u>	<u><u>75,131,969</u></u>
Attributable to:		
Continuing Operations	98,800,837	75,131,969
Discontinued Operations	-	-
	<u><u>98,800,837</u></u>	<u><u>75,131,969</u></u>
<b>Operational Grants:</b>		
<b>27.1.1. National: Equitable Share</b>	<u>54,012,271</u>	<u>44,600,055</u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R174.74, based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 10 kl water and 80 kWh electricity free every month. An additional 50% rebate is granted to indigents on property tax.		
<b>27.1.2. National: FMS Grant</b>	<u>750,000</u>	<u>2,004,415</u>
To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Financial Management Act (MFMA)		
<b>Conditional Grants:</b>		
<b>27.2 Provincial: Health Subsidies</b>		
Balance unspent at beginning of year	1,314,833	1,583,618
Current year receipts - included in Public Health vote	-	-
- Environmental Health	-	-
- Primary Health	-	-
Conditions met - transferred to Revenue	-	(268,785)
Conditions still to be met - transferred to Current Assets (see Note 20)	<u><u>1,314,833</u></u>	<u><u>1,314,833</u></u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27.3 National: IMMIS Project</b>		
Balance unspent at beginning of year	-	66,160
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(66,160)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>

**27.4 National: MIG Grants**

Balance unspent at beginning of year	8,211,797	2,964,510
Current year receipts	32,893,744	10,408,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(39,345,838)	(5,160,713)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>1,759,703</u>	<u>8,211,797</u>

**27.5 National: NER Grants**

Balance unspent at beginning of year	1,095,492	1,095,492
Current year receipts	1,000,000	10,000,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2,095,492)	(10,000,000)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>1,095,492</u>

**27.6 Land Use Management Grant**

Balance unspent at beginning of year	-	181,183
Current year receipts	203,806	294,382
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(475,565)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>203,806</u>	<u>-</u>

**27.7 LED Constitutional Grant**

Balance unspent at beginning of year	148,765	202,484
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(53,719)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>148,765</u>	<u>148,765</u>

**27.8 LED Projects Promoting Culture**

Balance unspent at beginning of year	27,658	37,641
Current year receipts	5,103	50,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(31,210)	(59,983)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>1,552</u>	<u>27,658</u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27.9 LED Projects Tourism Initiative</b>		
Balance unspent at beginning of year	284,953	48,843
Current year receipts	29,949	573,836
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(337,725)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>314,902</u>	<u>284,953</u>
<b>27.10 Municipal Finance Grant</b>		
Balance unspent at beginning of year	-	2,000,000
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(2,000,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>
<b>27.11 Lotto: Sports Facilities</b>		
Balance unspent at beginning of year	1,535,942	118,854
Current year receipts	-	6,057,747
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(570,239)	(4,640,660)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>965,702</u>	<u>1,535,942</u>
<b>27.12 Lotto: Lake Resort</b>		
Balance unspent at beginning of year	-	120,969
Current year receipts	120,975	527,916
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(95,299)	(648,885)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>25,676</u>	<u>-</u>
<b>27.13 Lotto: Tshwaraganang</b>		
Balance unspent at beginning of year	234,967	234,967
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(234,967)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>234,967</u>
<b>27.14 Lotto: Mohadin Stadium</b>		
Balance unspent at beginning of year	244,849	244,849
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(79,578)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>165,271</u>	<u>244,849</u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27.15 Lotto: Ikageng Stadium</b>		
Balance unspent at beginning of year		393,416
Current year receipts	-	522,382
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(915,798)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>
<b>27.16 Lotto: Promosa Stadium</b>		
Balance unspent at beginning of year	-	393,416
Current year receipts	-	522,382
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(915,798)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>
<b>27.17 Lotto: Ikageng Parks</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	208,613
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(208,613)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>-</u>	<u>-</u>
<b>27.18 Lotto: Sarafina Sports Facilities</b>		
Balance unspent at beginning of year	-	-
Current year receipts	467,000	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>467,000</u>	<u>-</u>
<b>27.19 Southern District Project</b>		
Balance unspent at beginning of year	1,082,996	4,438,676
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(964,409)	(3,355,680)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>118,587</u>	<u>1,082,996</u>
<b>27.20 Public Transport Infrastructure</b>		
Balance unspent at beginning of year	447,127	447,127
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(600)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u>446,527</u>	<u>447,127</u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27.21 Provincial: Library Grant</b>		
Balance unspent at beginning of year	5,322,419	3,740,882
Current year receipts	400,000	1,885,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(3,557)
Conditions met - transferred to Revenue: Capital Expenses	(3,376,586)	(299,906)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><u>2,345,833</u></u>	<u><u>5,322,419</u></u>
<b>27.22 Fire and Emergency Grant</b>		
Balance unspent at beginning of year	1,610,800	1,610,800
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(299,147)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><u>1,311,653</u></u>	<u><u>1,610,800</u></u>
<b>27.23 LED Business Initiative Grant</b>		
Balance unspent at beginning of year	-	4,634
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(4,634)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><u>-</u></u>	<u><u>-</u></u>
<b>27.24 LED Grants Township History/Jazz</b>		
Balance unspent at beginning of year	364,861	628,744
Current year receipts	21,306	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(238,740)	(263,883)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><u>147,427</u></u>	<u><u>364,861</u></u>
<b>27.25 LED Grants Education and Exhibitions</b>		
Balance unspent at beginning of year	-	994
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(994)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><u>-</u></u>	<u><u>-</u></u>
<b>27.26 S D R Dolomite Research Program</b>		
Balance unspent at beginning of year	960,849	-
Current year receipts	296,109	960,849
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><u>1,256,958</u></u>	<u><u>960,849</u></u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b> <b>R</b>	<b>2009</b> <b>R</b>
<b>27.27 Provincial - SETA Grant</b>		
Balance unspent at beginning of year	673,734	367,804
Current year receipts	633,711	547,071
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(371,039)	(241,141)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><b>936,406</b></u>	<u><b>673,734</b></u>
<b>27.28 City Branding Grant</b>		
Balance unspent at beginning of year	156,431	480,626
Current year receipts	-	89,666
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(156,431)	(413,861)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><b>-</b></u>	<u><b>156,431</b></u>
<b>27.29 Economic Growth and Development Strategy Grant</b>		
Balance unspent at beginning of year	83,300	174,500
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(9,120)	(91,200)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><b>74,180</b></u>	<u><b>83,300</b></u>
<b>27.30 Mohadin Library Extension Grant</b>		
Balance unspent at beginning of year	390,288	390,288
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><b>390,288</b></u>	<u><b>390,288</b></u>
<b>27.31 Extension Main Library</b>		
Balance unspent at beginning of year	398,187	-
Current year receipts	-	400,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(1,813)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><b>398,187</b></u>	<u><b>398,187</b></u>
<b>27.32 LED - City Branding</b>		
Balance unspent at beginning of year	100,000	100,000
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	<u><b>100,000</b></u>	<u><b>100,000</b></u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

**27.33 Changes in levels of government Grants**

Based on the allocation set out in the division of Revenue Act (Act. No. 2 of 2008) government grant funding is expected to increase over the following three financial years.

**28. OTHER INCOME**

Building Plan Fees	667,201	570,901
Grave Fees	776,121	615,802
Sundries Levies	1,761,283	2,565,507
Training Fees - Training Centre of Fire Services	475,184	307,593
Other non-material Income	8,906,764	9,250,567
Reconnection Fees	928,684	808,083
<b>Total Other Income</b>	<b>13,515,237</b>	<b>14,118,453</b>
Attributable to:		
Continuing Operations	13,515,237	14,118,453
Discontinued Operations	-	-
	<b>13,515,237</b>	<b>14,118,453</b>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 20 to 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

**29. EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries and Wages	133,232,600	105,066,098
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	41,679,454	36,602,766
Travel Allowances	7,149,776	6,686,177
Housing Benefits and Allowances	2,601,769	2,849,546
Overtime Payments	9,503,430	7,144,455
Performance Bonuses	352,651	343,616
<b>Total Employee Related Costs</b>	<b>194,519,679</b>	<b>158,692,659</b>
Attributable to:		
Continuing Operations	194,519,679	158,692,659
Discontinued Operations	-	-
	<b>194,519,679</b>	<b>158,692,659</b>

No advances were made to employees.

**Remuneration of the Municipal Manager**

Annual Remuneration	589,492	343,675
Performance Bonus	-	32,707
Housing Allowance	10,373	123,241
Car Allowance	23,493	297,355
Company Contributions to UIF, Medical and Pension Funds	9,511	122,828
<b>Total</b>	<b>632,870</b>	<b>919,806</b>

**Remuneration of the Deputy Municipal Manager**

Annual Remuneration	465,176	324,651
Performance Bonus	64,425	31,870
Housing Allowance	221,560	90,181
Car Allowance	175,863	175,614
Company Contributions to UIF, Medical and Pension Funds	92,388	67,166
<b>Total</b>	<b>1,019,412</b>	<b>689,482</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b><i>Remuneration of the Chief Financial Officer</i></b>		
Annual Remuneration	436,853	310,016
Performance Bonus	27,952	37,269
Housing Allowance	33,501	18,773
Car Allowance	273,090	224,860
Company Contributions to UIF, Medical and Pension Funds	118,691	95,555
<b>Total</b>	<b>890,087</b>	<b>686,473</b>

<b><i>Remuneration of the Manager: Local Economic Development &amp; Corporate Services</i></b>		
Annual Remuneration	436,853	318,195
Performance Bonus	22,031	-
Housing Allowance	136,878	52,352
Car Allowance	133,745	136,229
Company Contributions to UIF, Medical and Pension Funds	97,605	106,155
<b>Total</b>	<b>827,111</b>	<b>612,931</b>

<b><i>Remuneration of the Manager: Infrastructure</i></b>		
Annual Remuneration	393,320	339,402
Performance Bonus	27,840	37,120
Housing Allowance	76,870	62,703
Car Allowance	105,401	110,495
Company Contributions to UIF, Medical and Pension Funds	112,997	110,361
<b>Total</b>	<b>716,429</b>	<b>660,080</b>

<b><i>Remuneration of the Manager: Social &amp; Health Services</i></b>		
Annual Remuneration	366,621	298,931
Performance Bonus	26,040	65,705
Housing Allowance	106,574	87,128
Car Allowance	140,080	143,493
Company Contributions to UIF, Medical and Pension Funds	114,819	113,185
<b>Total</b>	<b>754,135</b>	<b>708,442</b>

<b><i>Remuneration of the Manager: Public Safety</i></b>		
Annual Remuneration	373,759	323,784
Performance Bonus	22,506	30,008
Housing Allowance	93,700	83,699
Car Allowance	154,088	157,991
Company Contributions to UIF, Medical and Pension Funds	106,681	97,098
<b>Total</b>	<b>750,734</b>	<b>692,579</b>

<b><i>Remuneration of the Manager: Housing</i></b>		
Annual Remuneration	373,759	462,677
Performance Bonus	24,569	85,853
Housing Allowance	63,770	48,276
Car Allowance	126,072	135,408
Company Contributions to UIF, Medical and Pension Funds	117,663	115,284
<b>Total</b>	<b>705,832</b>	<b>847,498</b>

**30. REMUNERATION OF COUNCILLORS**

Executive Mayor	593,375	537,465
Speaker	478,120	435,161
Councillors Transport Allowance	2,560,597	2,334,091
Company Contributions to UIF, Medical and Pension Funds	1,748,329	1,253,112
Councillors: Housing allowance	516,088	474,360
Councillors allowances	4,781,448	4,746,749
<b>Total Councillors' Remuneration</b>	<b>10,677,958</b>	<b>9,780,937</b>

***In-kind Benefits***

The Executive Mayor, Speaker, Whip and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor has use of a Council owned vehicle for official duties and a full time driver.



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>31. DEPRECIATION AND AMORTISATION</b>		
Depreciation & Amortisation	21,736,717	23,569,618
<b>Total Depreciation and Amortisation</b>	<b>21,736,717</b>	<b>23,569,618</b>
Attributable to:		
Continuing Operations	21,736,717	23,569,618
Discontinued Operations	-	-
	<b>21,736,717</b>	<b>23,569,618</b>
<b>32. IMPAIRMENT LOSSES</b>		
<b>30.1 Impairment Losses on Financial Assets</b>		
<b>Impairment Losses Recognised:</b>	13,656,504	40,759,317
Consumer Debtors - Recoveries	(186,377)	(309,847)
Consumer debtors - Provision	(1,571,544)	27,988,862
Consumer debtors - Written off	16,436,756	7,099,885
Debtors - Arrangements	(1,022,331)	5,980,417
<b>Total Impairment Losses</b>	<b>13,656,504</b>	<b>40,759,317</b>
Attributable to:		
Continuing Operations	13,656,504	40,759,317
Discontinued Operations	-	-
	<b>13,656,504</b>	<b>40,759,317</b>
<b>33. FINANCE COSTS</b>		
Loans and Payables at amortised cost	4,325,477	6,120,403
Other	483,536	81,345
<b>Total Interest Expense</b>	<b>4,809,013</b>	<b>6,201,748</b>
Less: Amounts included in the Cost of qualifying Assets	-	-
<b>Total Interest Paid on External Borrowings</b>	<b>4,809,013</b>	<b>6,201,748</b>
Attributable to:		
Continuing Operations	4,809,013	6,201,748
Discontinued Operations	-	-
	<b>4,809,013</b>	<b>6,201,748</b>
The weighted average capitalisation rate on funds borrowed generally is 15,29% per annum (2008: 15,24% per annum).		
<b>34. BULK PURCHASES</b>		
Electricity	162,236,942	121,811,082
Water	4,026,435	6,680,472
<b>Total Bulk Purchases</b>	<b>166,263,376</b>	<b>128,491,553</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>35. GRANTS AND SUBSIDIES PAID</b>		
Indigents	21,336,302	10,955,275
Other	3,641,283	10,733,042
<b>Total Grants and Subsidies</b>	<b><u>24,977,585</u></b>	<b><u>21,688,317</u></b>
<b>36. GENERAL EXPENSES</b>		
Accommodation	14,680	73,137
Advertisements	535,174	216,872
Airport expenses	24,798,634	-
Allowance: Tender / Audit committee	65,303	6,673
Ammunition	18,874	16,310
Annual contribution: Treasure Route	20,000	20,000
Antiseptic and Detergents	42,211	49,238
Assessment Rates	119,199	222,847
Bank charges	1,393,020	1,155,164
Braai Grids	12,052	8,971
Chemicals	1,799,213	952,398
Clean-up operation City	5,390,963	3,395,915
Cleaning materials	337,802	375,965
Clinic Requirements	-	9,982
Commission	3,338,688	3,488,495
Community Development	583,724	687,850
Compassionate fund	115,323	-
Confederation Cup	-	1,646,436
Contribution: Freedom celebrations	4,900	399,684
Conveyancing	81,427	92,030
Copy paper and equipment	29,022	18,811
Corporate gifts	94,894	51,440
Decorative requirements	2,603	2,765
Deputations: Travelling fees	1,900,999	1,512,021
Detergents	6,711	1,222
Development: Tourism	122,264	127,923
Digging of graves	33,573	19,324
Disaster emergency fund	-	442,500
Discretionary fund	465,320	747,229
Display poster and banners	1,608	-
Documentation	1,277	1,198
Donations	404,579	508,252
Drawing requirements	12,758	10,656
Driving license fees	-	1,072,904
Eco-circles	287,370	241,308
Electricity used	11,525,169	8,032,400
Emergency Services	34,315	24,186
Executive Mayor Fund	214,529	222,785
Executive Mayor: Special Projects	582,228	491,487
Extention services	21,945	18,552
Fertilisation	36,789	33,617
Field maps	10,326	6,942
First Aid Provisions	10,298	10,140
Flocculating Agents	52,008	140,953
Fuel and Oil	310,411	336,130
Functions	212	4,388
GIS: Maps	236	15,600
GPRS Usage Cost	180,924	294,458
Hire of equipment	23,057	79,072
Incentives	27,500	30,000
Indigent funerals	197,277	104,583
Indirect Material	10,797	4,585
Industrial Council Levy	45,289	41,876
Insurance	3,277,068	2,293,019
Int. Relationships	176,064	152,200
Internet	3,894	-

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
Irrigation water	87,856	47,574
Walter Sisulu Avenue Forum	202,632	221,053
Laboratory requirements	85,567	93,026
Laundry	22,768	12,241
SALGA membership	930,783	648,468
Levies	1,339,961	1,173,295
Liaison requirements	2,425	2,350
License fees	670,949	592,722
Loss control	25,631	7,688
Lost books, records and art copies	-	9,092
Magazines and reference work	65,191	63,911
Marketing brochures	642,290	544,345
Materials	1,453	405
Mayoral advisory committee	41,739	43,062
Mayoral allowance: General	77,562	115,167
Mayoral allowance: Personal	22,438	19,409
Meals: Overtime work	93,371	140,613
Moorriver Mall: Craft Holdings	3,584,600	-
Expenses: Other	5,200,856	1,940,040
Printing and stationary	2,530,711	2,768,656
Projects	201,188	187,913
Purchase of books and tapes	161,665	181,211
Railway: Departmental	5,592	6,000
Receptions	940,975	597,095
Recreation programs	40,212	41,484
Refreshments	77,879	29,965
Rental equipment	3,162,747	2,744,165
Sanitation	548,155	486,358
Seed and bulbs	5,042	627
SMME Development	62,831	108,189
Sport recreations	57,942	39,211
Sprays	199,452	31,567
Stamps	1,203,455	1,079,140
Star grading for council venues	39,020	34,897
Subscriptions	8,208	350
Telephone	372,164	292,031
Tlokwe Newspaper	402,970	349,733
Toiletries	161,030	130,334
Tracksuits	108,375	-
Training	90,579	41,088
Insurance: Housing	8,375	8,369
Valuation roll	-	1,748,800
Ward committee ceremony	593,993	430,524
Water consumption	1,527,547	1,165,075
Weed killer	137,903	-
Welding materials	5,392	7,610
Women's Day Celebration	266,064	300,000
World Cup: 2010	3,668,342	-
Youth Day Celebration	-	299,921
<b>Total General Expenses</b>	<b>88,460,379</b>	<b>48,697,266</b>

The comparative figures for General Expenses have been restated to correct an error contained in the 2008/2009 Annual Financial Statements. Refer to note 37 on Correction of Errors for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

**37. CORRECTION OF ERROR**

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.

Details of the appropriations are as follows:

Opening balance surplus account	319,412,190
<b><i>Unappropriated Surplus Account:</i></b>	
Corrections to Provision Landfill site	2,509,404
Corrections to assets - Prior year recalculations refer to Appendix B	(115,844,556)
Correction to Land Stock	170,167,500
Correction of traffic fines provision	9,654,978
<b>Increase / (Decrease) in Unappropriated Surplus Account</b>	<b>66,487,326</b>
Closing balance Surplus Account	385,899,516

**Nature**

Provision for landfill site correction

Provision for landfill site was incorrectly valued. A journal of R 2 509 404 was written to correct the provision to agree with the value for the landfill site provision calculated by DCR Consultants (Pty) Ltd.

Property, Plant and Equipment correction

Property, Plant & Equipment were unbundled during the 2009/2010 financial year. This unbundling process led to the recalculation of the carrying values of Property, Plant & Equipment. A journal was written to account for this change of Property, Plant & Equipment carrying values.

Investment Properties

All assets were unbundled during the 2009/2010 financial year. This asset project led to the reclassification and correction of all assets. A journal was written to correct Investment Properties.

Land Held for Sale

All assets were unbundled during the 2009/2010 financial year. This asset project led to the reclassification and correction of all assets. A journal was written to correct Land Held for Sale.

Provision for traffic fines receivable

Traffic fines receivable provision was recalculated. A journal was written to correct reserve accounting. and an corrective journal was written to correct the provision value.

**37.1 Reclassification of Revenue:**

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

**The effect of the Correction of Error is as follows:**

	<b>2008/2009 Revenue</b>	<b>Adjustment</b>	<b>Restated Amount</b>
Interest Earned - External Investments	14,183,441	615,668	14,799,109
Government Grants and Subsidies Received	44,604,470	30,527,499	75,131,969
Other Income	14,118,453	219,650	14,338,103
Net gains Investment Properties	-	15,457,000	15,457,000
	<b>72,906,364</b>	<b>46,819,817</b>	<b>119,726,181</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
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**Nature**

**Interest Earned - External Investments**

Accrued interest on investments were not accounted in the 2008/2009 financial year. A journal was written to account for interest.

**Government Grants and Subsidies Received**

Government Grant and Subsidies received were not accounted for in accordance with GRAP accounting framework. Journals were written to correctly account for Grant and Subsidies Received.

**Net gains Investment Properties**

Investment property values was restated due the unbundling of assets during the 2009/2010 financial year.

**37.2 Reclassification of Expenditure:**

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

**The effect of the Correction of Error is as follows:**

	2008/2009 Expenditure	Adjustment	Restated Amount
Employee Related Costs	(153,348,241)	(5,344,418)	(158,692,659)
Grants and Subsidies Paid	(11,600,082)	(10,357,020)	(21,957,102)
Impairment Losses	(21,212,321)	(19,546,996)	(40,759,317)
General expenses	(51,333,322)	2,636,056	(48,697,266)
Contribution to provisions	(252,732)	252,732	-
Depreciation	(23,676,203)	106,586	(23,569,617)
Internal charges	4,034,030	(4,034,030)	-
Repairs and maintenance	(34,322,979)	1,041,565	(33,281,414)
Finance cost	(6,120,404)	(81,345)	(6,201,749)
Contracted services	(25,318,298)	(2,000,000)	(27,318,298)
Bulk purchases	(128,502,438)	10,885	(128,491,553)
	<u>(451,652,990)</u>	<u>(37,315,986)</u>	<u>(488,968,976)</u>

**Nature**

**Employee Related Cost**

Medical continued members, Long-term Service awards & Contributions to pensioen fund were incorrectly classified as general expenses. No provision was made for performance bonuses.

**Grants and Subsidies Paid**

Government Grant and Subsidies paid were not accounted for in accordance with GRAP accounting framework. Journals were written to correctly account for Grant and Subsidies Paid.

**Impairment Losses**

Consumer debtors impairment provision was adjusted for the 2008/2009 financial year to adhere to National Treasury Guide Line on Provision for Consumer Debtors. Provision was made for debtors arrangement accounts.

**General expenses**

General expense were restated because of the following:

1. Reclassification of internal financing, contribution to special funds, administrative costs, printing costs, telephone, contribution to pensioen fund, long-term service awards, behuising admin koste, medical aid continued members & cleanup operation city
2. Correction of valuation roll previously accounted for as an intangible asset

**Contribution to provisions**

Contribution to provisions were restated due to the reclassification of internal financing and contribution to special fund votes

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

Depreciation

Depreciation was restated due to following:

1. Depreciation on landfill site asset was accounted for
2. Depreciation on valuation roll written back. Valuation roll was accounted for as an expense and not an intangible asset.

Internal charges

Internal charges were restated due to the reclassification of printing cost, telephone, charge elsewhere, administrative cost & housing admin cost votes

Repairs & Maintenance

Repairs and maintenance was restated due to the reclassification of the charge elsewhere vote

Finance cost

Finance cost was restated due to interest accounted for on landfill site provision

Contracted services

Contracted services was restated with the FMS maintenance vote

Bulk purchases

Bulk purchases were restated to account for water in reticulation pipes

**37.3 Reclassification of Statement of Financial Position:**

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

**The effect of the Correction of Error is as follows:**

	<b>2008/2009</b>	<b>Adjustment</b>	<b>Restated</b>
	<b>Current Assets</b>		<b>Amount</b>
Inventory	22,639,841	171,348,680	193,988,521
Consumer Debtors	102,737,306	(19,845,853)	82,891,453
Other Debtors	2,484,231	(305,035)	2,179,196
Cash & Cash Equivalents	77,049,087	499,115	77,548,202
	<b>204,910,465</b>	<b>151,696,907</b>	<b>356,607,372</b>

Nature

Inventory

Inventory was restated with the correction of land held for sale & water inventory due to water in reticulation system not previously accounted for

Consumer Debtors

Consumer debtors were restated due to the following reasons:

1. Provision for bad debts restated due to recalculation using National Treasury Guide Line
2. Provision for impairment on arrangement accounts
3. Consumer debtors interest account vote corrected

Other debtors

Other debtors were restated to correct projects debtor account

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<u>Cash &amp; Cash Equivalents</u>		

Cash & cash equivalents were restated due to accrued interest not accounted for in the 2008/2009 financial year

**The effect of the Correction of Error is as follows:**

	2008/2009 Non-Current Assets	Adjustment	Restated Amount
Property, Plant & Equipment	353,939,107	362,286,218	716,225,325
Intangible Assets	1,388,013	(1,388,013)	-
Investment Property	8,963,000	15,457,000	24,420,000
Non-Current Investments	37,956,287	116,553	38,072,840
	<u><b>402,246,407</b></u>	<u><b>376,471,758</b></u>	<u><b>778,718,165</b></u>

**Nature**

Property, Plant & Equipment

Property, Plant & Equipment was restated due the unbundling of assets during the 2009/2010 financial year.

Intangible assets

Intangible assets were restated to correct valuation roll incorrectly accounted for in the 2008/2009 financial year

Investment Property

Investment property values was restated due the unbundling of assets during the 2009/2010 financial year.

Non-Current Investments

Non-current investments were restated to account for accrued interest not accounted for in the 2008/2009 financial year

**The effect of the Correction of Error is as follows:**

	2008/2009 Current Liabilities	Adjustment	Restated Amount
Provisions	4,665,580	343,616	5,009,196
Creditors	70,887,293	72,000	70,959,293
	<u><b>75,552,873</b></u>	<u><b>415,616</b></u>	<u><b>75,968,489</b></u>

**Nature**

Provisions

Provision was restated to provide for performance bonuses

Creditors

Creditors were restated to account for Department of Justice not accounted for in the 2008/2009 financial year

**The effect of the Correction of Error is as follows:**

	2008/2009 Non-Current Liabilities	Adjustment	Restated Amount
Non-Current Provisions	10,336,546	4,481,146	14,817,692
	<u><b>10,336,546</b></u>	<u><b>4,481,146</b></u>	<u><b>14,817,692</b></u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b><u>Nature</u></b>		
<b><u>Non-Current Provisions</u></b>		
Non-current provision were restated to correct landfill site provision value		
<b>The effect of the Correction of Error is as follows:</b>		
	2008/2009 Reserves	Adjustment Restated Amount
Revaluation Reserve	-	481,413,517
	<u>-</u>	<u>481,413,517</u>
	<u>-</u>	<u>481,413,517</u>

**Revaluation Reserve**

Revaluation of land was done during the 2008/2009 financial year.

**38. CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	76,738,970	42,257,627
Adjustment for:		
Other non cashflow items	181,832	6,484,485
Other non cashflow items - Landfill site valuation	426,940	-
Depreciation and Amortisation	21,736,717	23,669,184
Other Movement on Property, Plant and Equipment	-	(8,963,000)
Other Movement on Intangible Assets	(112,436)	(1,388,013)
Other Movement on Investment Properties	-	(15,457,000)
Contribution to Retirement Benefit Liabilities	15,972,033	(12,392,960)
Contribution to Performance Bonusses	352,651	-
Movements in provisions - Current	1,137,907	3,995,352
Movement in provision - Long-term	1,000,998	8,954,870
Expenditure incurred from Provisions	-	(834,549)
Investment Income	(25,580,839)	(32,847,549)
Finance Costs	4,809,013	6,120,404
<b>Operating surplus before working capital changes</b>	<b>96,663,785</b>	<b>19,598,852</b>
(Increase)/Decrease in Inventories	3,525,355	(8,599,332)
(Increase)/Decrease in Consumer Debtors	(16,358,856)	(15,452,216)
(Increase)/Decrease in Other Debtors	(28,287,946)	872,396
(Increase)/Decrease in Short-term portion of long-term receivable	(229,620)	-
Increase/(Decrease) in Consumer Deposits	669,668	529,597
Increase/(Decrease) in Creditors	5,146,818	35,531,529
Increase/(Decrease) in Conditional Grants and Receipts	(11,796,991)	1,256,209
Long-term receivables	1,784,660	-
<b>Cash generated by / (utilised in) Operations</b>	<b>51,116,875</b>	<b>33,737,035</b>

**39. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**39.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure:		
Opening balance	15,145,080	6,671,662
Unauthorised Expenditure current year	45,960,910	8,473,418
Approved by Council or condoned	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting authorisation	<u>61,105,990</u>	<u>15,145,080</u>

<b>Incident</b>	<b>Details</b>	<b>Amount</b>	<b>Action taken</b>
<b>Total Unauthorised Expenditure</b>	<i>Overexpenditure on budget</i>	<i>R 45,960,910</i>	<i>Refer note below</i>



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

**Note**

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

**39.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	-	-
Fruitless and Wasteful Expenditure current year	1,126,504	-
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u><u>1,126,504</u></u>	<u><u>-</u></u>

<b>Incident</b>	<b>Details</b>	<b>Amount</b>	<b>Action taken</b>
<i>Hotel in Paris</i>	<i>Hotel in Paris - Act of God - Vulcano Eruption in Iceland</i>	R 18,000	<i>Refer note below</i>
<i>SARS</i>	<i>SARS interest &amp; Penalties due to late payment</i>	R 722,876	<i>Refer note below</i>
<i>Telkom</i>	<i>Interest charges paid on Eskom &amp; Telkom account</i>	R 93,584	<i>Refer note below</i>
<i>Hotel in Umhlanga</i>	<i>Hotel in Umhlanga - Air ticket</i>	R 2,438	<i>Refer note below</i>
<i>Employees dismissed</i>	<i>Persons dismissed - No communication to finance</i>	R 203,314	<i>Refer note below</i>
<i>VAT</i>	<i>VAT was paid to suppliers that were not registered for VAT</i>	R 86,291	<i>Refer note below</i>
		<u><u>R 1,126,504</u></u>	

**Note**

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

**39.3 Irregular Expenditure**

Reconciliation of Irregular Expenditure:

Opening balance	3,334,970	-
Irregular Expenditure current year	95,235,050	3,334,970
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	<u><u>98,570,021</u></u>	<u><u>3,334,970</u></u>

<b>Incident</b>	<b>Details</b>	<b>Amount</b>	<b>Action taken</b>
<b>Total Irregular Expenditure</b>	<i>Non-compliance to the Municipal supply chain Regulations, PPPFA, PPR.</i>	R 95,235,050	<i>Refer note below</i>

**Note**

Council to investigate above expenditure and institute actions where required and report findings to council for further attention.

**40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**40.1 Contributions to organised local government - SALGA**

Opening Balance	-	-
Council Subscriptions	8,590,947	648,468
Amount Paid - current year	(8,590,947)	(648,468)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<u><u>-</u></u>	<u><u>-</u></u>

**40.2 Audit Fees**

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
Opening Balance	-	-
Current year Audit Fee	2,942,482	1,640,112
Amount Paid - current year	(2,942,482)	(1,640,112)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<u>-</u>	<u>-</u>

**40.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in Note 11. All VAT returns have been submitted by the due date throughout the year.

**40.4 PAYE and UIF**

Opening Balance	-	-
Current year Payroll Deductions	19,904,766	17,107,759
Amount Paid - current year	(19,904,766)	(17,107,759)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<u>-</u>	<u>-</u>

**40.5 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	48,080,418	48,199,543
Amount Paid - current year	(48,080,418)	(48,199,543)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<u>-</u>	<u>-</u>

The balance represents Pension and Medical Aid contributions deducted from employees and councillors in the June 2010 payroll, as well as the municipality's contributions to these funds. These amounts were paid during July 2010

**40.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
<b>30 JUNE 2010</b>			
No Councillor Consumer Accounts outstanding	-	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>30 JUNE 2009</b>			
Councillor Mosenogi K N	4,987	3,282	1,705
<b>Total Councillor Arrear Consumer Accounts</b>	<u>4,987</u>	<u>3,282</u>	<u>1,705</u>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing
<b>30 JUNE 2010</b>		
No Councillors had arrear accounts outstanding for more than 90 days	-	> 120 Days
<b>30 JUNE 2009</b>		
Councillor Koloti D M	8,255	>120 Days
Councillor Johnson M	5,323	>120 Days
Alderman Mampe T R	750	>90 Days
Alderman Mogeti R H	1,621	>120 Days
Councillor Mogoshane M P & M L	71	>90 Days
Councillor Louw E H	3,510	>90 Days
Councillor Mono T B & N M	168	>90 Days
Councillor Mosenogi D M	1,687	>90 Days

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2010**  
**R**                      **2009**  
**R**

**40.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

No known matters existed at reporting date.

**40.8 Deviation from, and ratification of minor breaches of the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Management	Year 2009/2010	BKS	BKS had knowledge of airport infrastructure and the time frame for completion of airport in time for the 2010 World Cup was very short.	R 2,532,700
Management	Year 2009/2010	KD Civils	Tender advertising period was only 7 days instead of 14 days stipulated in the MFMA.	R 25,916,705
Management	Year 2009/2010	Youth Day	Report was submitted	R 299,920
Management	Year 2009/2010	Baji Investment Management (Pty) Ltd & Zwiegers Attorneys	Appointment was done by Council. No tender process was	R 6,348,270

**41. FINANCIAL INSTRUMENTS**

**41.1 Classification**

**FINANCIAL ASSETS:**

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>		
<b>Non-current Investments</b>			
Fixed Deposits	Held to maturity	31,163,860	38,072,840
<b>Long-term Receivables</b>			
Debtors Capitalised Arrear Services	Loans and receivables	3,962,636	5,476,585
Sale of Erven	Loans and receivables	-172,092	98,619
<b>Consumer Debtors</b>		84,966,975	68,608,119
Assessment Rates	Loans and receivables	-	-
Electricity	Loans and receivables	20,507,069	15,402,254
Refuse	Loans and receivables	3,711,876	3,582,205
Sewerage	Loans and receivables	4,891,755	4,207,994
Water	Loans and receivables	13,528,819	9,530,227
Other Debtors	Loans and receivables	42,327,457	35,885,439
<b>Other Debtors</b>			
Payments made in Advance	Loans and receivables	304,332	218,421
Sundry Debtors	Loans and receivables	22,135,639	8,397,427
<b>VAT Receivable</b>			
VAT Control Accounts	Loans and receivables	14,104,714	-

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		<b>2010</b>	<b>2009</b>
		<b>R</b>	<b>R</b>
<b>Bank, Cash and Cash Equivalents</b>			
Call Deposits	Held to maturity	-	13,053,917
Notice Deposits	Held to maturity	60,503,453	58,635,320
Bank Balances	Available for sale	17,693,483	5,349,416
Cash Floats and Advances	Available for sale	25,992	25,193
Other Cash Equivalents	Available for sale	(14,850)	10,433
<b>Current Portion of Long-term Receivables</b>			
Car Loans	Loans and receivables	-	2,860
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Held to maturity:</b>			
Short-term Investment Deposits	Call Deposits	-	13,053,917
Short-term Investment Deposits	Notice Deposits	60,503,453	58,635,320
		<u>60,503,453</u>	<u>71,689,237</u>
<b>Loans and Receivables</b>			
Long-term Receivables	Debtors Capitalised Arrear Services	3,962,636	5,476,585
Long-term Receivables	Sale of Erven	(172,092)	98,619
Consumer Debtors	Assessment Rates	-	-
Consumer Debtors	Electricity	20,507,069	15,402,254
Consumer Debtors	Refuse	3,711,876	3,582,205
Consumer Debtors	Sewerage	4,891,755	4,207,994
Consumer Debtors	Water	13,528,819	9,530,227
Consumer Debtors	Other Debtors	42,327,457	35,885,439
Other Debtors	Payments made in Advance	304,332	218,421
Other Debtors	Sundry Debtors	22,135,639	8,397,427
VAT Receivable	VAT Control Accounts	14,104,714	-
Current Portion of Long-term Receivables	Car Loans	-	2,860
		<u>125,302,205</u>	<u>82,802,032</u>
<b>Available for Sale:</b>			
Bank Balances and Cash	Bank Balances	17,693,483	5,349,416
Bank Balances and Cash	Cash Floats and Advances	25,992	25,193
Bank Balances and Cash	Other Cash Equivalents	(14,850)	10,433
		<u>17,704,625</u>	<u>5,385,042</u>
<b>Total Financial Assets</b>		<u><b>203,510,282</b></u>	<u><b>159,876,311</b></u>

**FINANCIAL LIABILITIES:**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u><b>Financial Liabilities</b></u>	<u><b>Classification</b></u>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial liabilities at amortised cost	21,919,518	21,822,726
<b>Consumer Deposits</b>			
Electricity and Water	Financial liabilities at amortised cost	9,902,512	9,232,843
<b>Creditors</b>			
Trade Creditors	Financial liabilities at amortised cost	10,345,141	8,978,616
Payments received in Advance	Financial liabilities at amortised cost	1,068,291	208,457
Staff Bonuses	Financial liabilities at amortised cost	41,133	-
Sundry Deposits	Financial liabilities at amortised cost	2,899,890	-
Other Creditors	Financial liabilities at amortised cost	761,488	-

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2010 R	2009 R
<b>Unspent Conditional Grants and Receipts</b>			
National Government Grants	Financial liabilities at amortised cost	3,364,244	10,876,311
Provincial Government Grants	Financial liabilities at amortised cost	6,529,820	9,754,335
Local Government Grants	Financial liabilities at amortised cost	118,587	1,082,996
Other Spheres of Government	Financial liabilities at amortised cost	1,256,957	960,849
Developers Contributions	Financial liabilities at amortised cost	1,623,649	2,015,757
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial liabilities at amortised cost	767,944	1,249,832
<b>Financial Liabilities at Amortised Cost:</b>			
Long-term Liabilities	Annuity Loans	21,919,518	21,822,726
Consumer Deposits	Electricity and Water	9,902,512	9,232,843
Creditors	Trade Creditors	10,345,141	8,978,616
Creditors	Payments received in Advance	1,068,291	208,457
Creditors	Retentions	6,492,168	9,915,864
Creditors	Staff Bonuses	41,133	-
Creditors	Sundry Deposits	2,899,890	-
Creditors	Other Creditors	761,488	-
Unspent Conditional Grants and Receipts	National Government Grants	3,364,244	10,876,311
Unspent Conditional Grants and Receipts	Provincial Government Grants	6,529,820	9,754,335
Unspent Conditional Grants and Receipts	Local Government Grants	118,587	1,082,996
Unspent Conditional Grants and Receipts	Other Spheres of Government	1,256,957	960,849
Unspent Conditional Grants and Receipts	Developers Contributions	1,623,649	2,015,757
Unspent Conditional Grants and Receipts	Public Contributions	-	-
Short-term Loans	Call Bonds	475,583	-
Current Portion of Long-term Liabilities	Annuity Loans	767,944	1,249,832
		<u>67,566,923</u>	<u>76,098,586</u>
<b>Total Financial Liabilities</b>		<u><b>67,566,923</b></u>	<u><b>76,098,586</b></u>

#### 41.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

	30 JUNE 2010		30 JUNE 2009	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>				
<b>Held to maturity:</b>	60,503,453	60,503,453	71,689,237	71,689,237
Call Deposits	-	-	13,053,917	13,053,917
Notice Deposits	60,503,453	60,503,453	58,635,320	58,635,320

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>		<b>2009</b>	
	<b>R</b>		<b>R</b>	
	<b>30 JUNE 2010</b>		<b>30 JUNE 2009</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Loans and Receivables</b>	125,302,205	125,302,205	82,802,032	82,802,032
Consumer Debtors	84,966,975	84,966,975	68,608,119	68,608,119
Long-term receivables	3,790,544	3,790,544	5,575,204	5,575,204
Current Portion of Long-term Receivables	-	-	2,860	2,860
Other Debtors	22,439,971	22,439,971	8,615,848	8,615,848
VAT Receivable	14,104,714	14,104,714	-	-
<b>Available for Sale</b>	17,704,625	17,704,625	5,385,042	5,385,042
Bank Balances and Cash	17,704,625	17,704,625	5,385,042	5,385,042
<b>Total Financial Assets</b>	<b>203,510,282</b>	<b>203,510,282</b>	<b>159,876,311</b>	<b>159,876,311</b>
	<b>30 JUNE 2010</b>		<b>30 JUNE 2009</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Designated as FVTPL:</b>	67,566,923	67,566,923	76,098,586	76,098,586
Local Registered Stock Loans	-	-	-	-
Unsecured Bank Facilities:	21,919,518	21,919,518	21,822,726	21,822,726
- Annuity Loans	21,919,518	21,919,518	21,822,726	21,822,726
Trade and Other Payables:	45,647,405	45,647,405	54,275,860	54,275,860
- Consumer Deposits	9,902,512	9,902,512	9,232,843	9,232,843
- Creditors	21,608,110	21,608,110	19,102,938	19,102,938
- Unspent Conditional Grants	12,893,257	12,893,257	24,690,248	24,690,248
- Current Portion of Long-term Liabilities	767,944	767,944	1,249,832	1,249,832
<b>Total Financial Liabilities</b>	<b>67,566,923</b>	<b>67,566,923</b>	<b>76,098,586</b>	<b>76,098,586</b>
<b>Total Financial Instruments</b>	<b>135,943,359</b>	<b>135,943,359</b>	<b>83,777,725</b>	<b>83,777,725</b>

#### **41.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2009.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

#### **Gearing Ratio**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
The gearing ratio at the year-end was as follows:		
Debt	22,687,462	23,072,557
Bank, Cash and Cash Equivalents	78,182,085	77,548,203
Net Debt	<u>100,869,547</u>	<u>100,620,760</u>
Equity	<u>1,007,668,611</u>	<u>930,909,261</u>
<b>Net debt to equity ratio</b>	<b><u>10.01%</u></b>	<b><u>10.81%</u></b>

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<b>2010</b>	<b>2009</b>
<b>R</b>	<b>R</b>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 4.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

#### **41.4 Financial Risk Management Objectives**

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Department: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### **41.5 Significant Accounting Policies**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

#### **41.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 59.2 below). No formal policy exists to hedge volatilities in the interest rate market.

#### **41.7 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

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<b>2010</b>	<b>2009</b>
<b>R</b>	<b>R</b>

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

#### **41.8 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across different industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:



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	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	31,163,860	38,072,840
Long-term Receivables	3,790,544	5,575,204
Consumer Debtors	9,902,512	68,608,119
Other Debtors	51,187,127	22,899,182
Bank, Cash and Cash Equivalents	78,182,085	77,548,203
<b>Maximum Credit and Interest Risk Exposure</b>	<b>174,226,128</b>	<b>212,703,548</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.9. Effective Interest Rates and Repricing Analysis**

In accordance with IFRS 7, 40 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, repriced:

**30 JUNE 2010**

Description	Note ref in AFS	Average effective Interest Rate %	Total	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>FIXED RATE INSTRUMENTS</b>								
Held-to-maturity Investments	9		31,163,860	-	-	31,163,860	-	-
Fixed Deposits			31,163,860	-	-	31,163,860	-	-
<b>Total Fixed Rate Instruments</b>			<b>25,745,475</b>	<b>-</b>	<b>-</b>	<b>31,163,860</b>	<b>-</b>	<b>-</b>
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	5		60,503,453	60,503,453	-	-	-	-
Bank Balances and Cash	5		17,678,632	17,678,632	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>78,182,085</b>	<b>78,182,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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30 JUNE 2009

Description	Note ref in AFS	Average effective Interest Rate %	Total	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>FIXED RATE INSTRUMENTS</b>								
Held-to-maturity Investments	9		38,072,840	-	-	38,072,840	-	-
Fixed Deposits			38,072,840	-	-	38,072,840	-	-
<b>Total Fixed Rate Instruments</b>			<b>32,488,658</b>	<b>-</b>	<b>-</b>	<b>38,072,840</b>	<b>-</b>	<b>-</b>
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	5		71,689,237	71,689,237	-	-	-	-
Bank Balances and Cash	5		5,359,849	5,359,849	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>77,049,086</b>	<b>77,049,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**41.10 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**41.11 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 47 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**Liquidity and Interest Risk Tables**

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R	R	R
<b>30 JUNE 2010</b>								
Variable Interest Rate Instruments - DBSA Loan		10.50%	617,497	18,528	18,528	43,136	174,989	362,315
Variable Interest Rate Instruments - DBSA Loan		10.50%	4,800,888	117,747	117,747	274,998	1,125,881	3,164,514
Variable Interest Rate Instruments - DBSA Loan		10.50%	17,269,077	321,023	321,023	751,391	3,059,517	12,816,122
			<b>22,687,462</b>	<b>457,299</b>	<b>457,298</b>	<b>1,069,525</b>	<b>4,360,388</b>	<b>16,342,951</b>
<b>30 JUNE 2009</b>								
Variable Interest Rate Instruments - DBSA Loan		12.47%	587,595	587,595	-	-	-	-
Variable Interest Rate Instruments - DBSA Loan		12.66%	644,842	13,917	13,917	80,193	174,989	361,827
Variable Interest Rate Instruments - DBSA Loan		12.66%	4,939,340	88,281	88,281	235,495	971,701	3,555,582
Variable Interest Rate Instruments - DBSA Loan		12.66%	16,900,780	241,443	241,443	1,393,437	3,059,517	11,964,940
			<b>23,072,557</b>	<b>931,236</b>	<b>343,641</b>	<b>1,709,124</b>	<b>4,206,207</b>	<b>15,882,349</b>

**TLOKWE CITY COUNCIL**  
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**2010**  
**R**

**2009**  
**R**

**42. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans, whereas the other funds are defined benefit plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

**Municipal Councillors Pension Fund:**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Municipal Employees Pension Fund:**

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Municipal Gratuity Fund:**

The Municipal Gratuity Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**Potchefstroom Municipal Pension Fund**

The Potchefstroom Municipal Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**SALA Pension Fund:**

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

**South African Municipal Workers Union National Provident Fund:**

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.0%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

**43. RELATED PARTY TRANSACTIONS**

**43.1. Related party relationships:**

**Councillors**

<u>Surname</u>	<u>Initials</u>	<u>Ward</u>
Raboto	NP	1
Krüger	R	2
Landsberg	JC	3
Davel	DL	4
Venter	JM	5
Le Roux	AA	6
Wright	LP	7
Hlahaswane	MD	8
Sehurutshe	MW	9
Mojapele	LW	10
Modiakgotla	EPM	11
Mokgethi	RH	12

Tafita	VC	13
Mampe	TR	14
Theko	MD	15
Mono	TB	16
Taoleng	MA	17
Koloti	NM	18
Masiu	MA	19
Mogoshane	MP	20
Mahlabe	BE	21
Botha	FJ	Proportional
Coetzer	CJ	Proportional
Dassie	MR	Proportional
Dipico	Si	Proportional
Hills	DJ	Proportional
Johnson	CC	Proportional
Joubert	P	Proportional
Kalaote	RPI	Proportional
Krüger	TG	Proportional
Lekgetho	MB	Proportional
Louw	EH	Proportional
Maphetle	TR	Proportional
Mosenogi	KN	Proportional
Qokela	YM	Proportional
Schoeman	D	Proportional
Segotso	BE	Proportional
Stoltz	HC	Proportional
Tsagae	DNS	Proportional
Tshabadira	PW	Proportional
Van Rensburg	RJ	Proportional
Zwane	TE	Proportional

#### **Directors**

	<b><u>Surname</u></b>	<b><u>Initials</u></b>
Municipal Manager	Tyatya	S
Deputy Municipal Manager	Moumakwe	G
Chief Financial officer	Jansen	M
Manager: Infrastructure	Mashele	N
Manager: Economic Development	Masetenyane	S
Manager: Community Services	Labuschagne	P
Manager: Public Safety	Molapisi	G
Manager: Housing	Mohlomi	L
Manager: Office of the Speaker	Groenewald	B

**Municipal Entities:** Mooirivier Mall Investment Company (Pty) Ltd

#### **43.2 Services rendered to Related Parties**

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	<b>Rates Charges R</b>	<b>Service Charges R</b>	<b>Sundry Charges R</b>	<b>Total Balances R</b>
<b>For the Year ended 30 JUNE 2010</b>				
Councillors	95,849	531,355	5,659	632,864
Municipal Manager and Section 57 Personnel	10,601	110.00	110	101,257
<b>Total Services</b>	<b>106,451</b>	<b>531,465</b>	<b>5,769</b>	<b>734,121</b>

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

#### 43.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

#### 43.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 28 and 29 respectively, to the Annual Financial Statements.

##### Remuneration of the family of key management personnel and councillors that are employed at the municipality:

<u>Directors</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Municipal Manager	S Tyatya	n/a	n/a	n/a	n/a
Deputy Municipal Manager	BG Moumakwe	n/a	n/a	n/a	n/a
Chief Financial Officer	MM Jansen	n/a	n/a	n/a	n/a
Manager: Infrastructure	NA Mashele	n/a	n/a	n/a	n/a
Manager: Economic Development	RTS Masitenyane	n/a	n/a	n/a	n/a
Manager: Community Services	PC Labuschagne	n/a	n/a	n/a	n/a
Manager: Public Safety	GO Molapisi	n/a	n/a	n/a	n/a
Manager: Housing	LMK Mohlomi	n/a	n/a	n/a	n/a
Manager: Office of the Speaker	BHJ Groenewald	n/a	n/a	n/a	n/a

<u>Senior Managers</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Deputy Manager: Finance	PNR Wilgenbus	n/a	n/a	n/a	n/a
Chief Audit Executive	GHO vd Berg	n/a	n/a	n/a	n/a
Housing	B Robertse	n/a	n/a	n/a	n/a
Human Resources	N Klaas	n/a	n/a	n/a	n/a
Labour Relations	D Mafole	n/a	n/a	n/a	n/a
Community Services	T Muswede	n/a	n/a	n/a	n/a
Environmental Management	H Veldman	n/a	n/a	n/a	n/a
Electricity	J vd Berg	n/a	n/a	n/a	n/a
Electricity	J Coetzee	n/a	n/a	n/a	n/a
Area Engineer	C Stoltz	n/a	n/a	n/a	n/a
Supply Chain Management	P Marais	n/a	n/a	n/a	n/a

<u>Councillors</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Cllr Stoltz	Ina	Christo Stoltz	Infrastructure	Husband	342,121.00
				<b>2010 R</b>	<b>2009 R</b>

#### 43.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

<u>Company Name</u>	<u>Related Person</u>	<u>Company Capacity</u>	<u>Municipal Capacity</u>	<u>Purchases for the Year</u>	<u>Purchases for the Year</u>
Wright Guest House	L Wright	Owner	Councillor	105,890	n/a
<b>Total Purchases</b>				<b>105,890</b>	<b>-</b>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

#### 43.6. Councillors and Officials with arrangements on consumer accounts

##### Councillors with arrangements

<u>Surname</u>	<u>Initials</u>	<u>Amount</u>	<u>Arrangement amount</u>
Mampe	TR	976.96	250.33
Sehurutshe	MW	646.74	909

##### Employees with arrangements

<u>Surname</u>	<u>Initials</u>	<u>Total</u>	<u>Arrangement amount</u>
Sebueng	ND	21,255.61	151.31
Makoko	SA	2,315.28	200.99
Oageng	RD	408.48	290.52
Madiehe	EC	19,915.49	355.20
Huisamen	PJ	1,401.69	500.66
Seakamela	MP	352.29	656.52
Mogongwa	J	6,536.11	804.92
Moneymore	S	7.97	1,203.95
Lebese	SJH	175.64	1,465.98
Ramphore	KM	234.99	1,652.95
Moeketsane	DD	465.20	1,785.12
Witbooi	NK	444.65	2,020.48
Madiehe	TI	6,537.49	2,416.56
Maribe	MS	232.78	2,975.33
Thebehadi	PS	309.60	3,012.76
Modise	MA	2,219.35	3,025.72
Magaolane	SS	635.82	4,214.57
Mokotedi	WR	282.68	4,674.57
Thaanyane	CM	1,191.20	5,826.04
Sqala	BT	90.81	6,380.49
Jack	MM	595.59	7,237.05
Gumede	NJ	1,047.95	8,389.78
Abinaar	MJ	22,532.60	9,503.93
Modiakgotla	TP	18,071.38	10,785.71
Sizane	S	20,217.66	12,874.64
Motlhaudi	TV	1,649.14	17,201.59
Koraan	RC	11,855.74	19,086.52

#### 43.7 Officials leasing council housing

<u>Surname</u>	<u>Initials</u>	<u>Monthly levy</u>	<u>Address</u>
Carsons	R	600.00	Kenneth Mc Arthur
Viljoen	H	1,850.00	Waterworks house
Gilbert	D	1,800.00	Dam huis
Vorster	P	600.00	Sewerage house 1
Essop	J	2,000.00	Waterworks house
Wessels	J	2,100.00	Dam house 1
Stroh	FS	1,900.00	Dam house 3
Manyoni	W	500.00	Ikageng Stadium
Mothwani	A	500.00	Promosa Stadium

#### 44. CONTINGENT LIABILITIES

<b>44.1 Court Proceedings:</b>	<b>5,703,634</b>	<b>20,890,046</b>
(1) Council is involved in a claim of R3 million in five High Court Matters for damages arising out of alleged sexual harrassment. (Awaiting court decision)	3,000,000	3,000,000
(2) Tlokwe City Council vs Maheppy and two others for inter alia Defamation (Case finalized)	-	5,050,000
(3) Tlokwe City Council vs Masiea and Kgantsi for damages arising out of motor vehicle accident. (Case finalized)	-	20,046
(4) Tlokwe City Council vs Sophia Jacobs and Maheppy for frivolous claim instituted against Council for specific performances and damages (Awaiting court decision)	2,500,000	2,500,000



(5) Tlokwe City Council vs Moorriver Mall (Pty) Ltd for Rebate or Debt self-off agreement relating to external services installed by Developer. (Case finalized)	-	10,250,000
(6) Tlokwe City Council vs E Mosibi for sexual harassment claim (Awaiting court decision)	70,000	70,000
(7) 3 Claims for defamation and/or injuria against an employee of City Council. (Awaiting court decision)	60,000	-
(8) Claim for non-payment of salary sick leave (Awaiting court decision)	73,634	
(9) Threatening claim against Council for damages. Possible counter claim by Council pending. This claim against council is because of contracted related issues with Labat. Both parties have stopped legal action for the time being.	n/a	n/a

#### 45. CONTINGENT ASSETS

<b>45.1 Court Proceedings:</b>	<b>100,000</b>	<b>100,000</b>
(1) Tlokwe City Council vs RG Nair i.r.o of a motor loan	100,000	100,000
(2) Threatening claim against Council for damages. Possible counter claim by Council pending. This counter claim is because of contracted related issues with Labat. Both parties have stopped with legal action for the time being.	n/a	n/a

#### 46. COMMITMENTS FOR EXPENDITURE

##### 46.1 Capital Commitments

Commitments in respect of Capital Expenditure:

##### - Approved and Contracted for:-

<i>Infrastructure</i>	<b>6,643,688</b>	-
<i>Community</i>	6,643,688	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-

##### Total Capital Commitments

<b>6,643,688</b>	<b>-</b>
------------------	----------

This expenditure will be financed from:

External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	6,643,688	-
District Council Grants	-	-
Public Contributions	-	-
Own Resources	-	-
	<u>6,643,688</u>	<u>-</u>

#### 47. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

#### 48. EVENTS AFTER THE REPORTING DATE

No events after reporting date

#### 49. RECONCILIATION OF BUDGET TO SURPLUS

##### Operating Budget vs Operating Surplus:

DETAILS	2010	2009
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	8,969	8,683
Revenue variances	109,619,119	78,089,134
Expenditure variances:		
Employee Related Costs	(13,435,212)	234,894
Remuneration of Councillors	238,291	216,381
Depreciation and Amortisation	4,951,359	(1,751,483)
Impairment Losses	(9,656,504)	(34,759,317)
Repairs and Maintenance	7,847,349	3,210,519
Interest Paid	797,487	8,483,903
Bulk Purchases	508,250	1,075,791
Contracted Services	2,918,618	(2,018,276)
Grants and Subsidies Paid	(3,643,147)	(10,433,607)
General Expenses	(23,415,610)	(98,994)
Actual surplus before appropriations	76,738,970	42,257,627

#### 50. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 36).

**APPENDIX A**  
**TLOKWE CITY COUNCIL**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 JUNE 2009	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 JUNE 2010
<b>ANNUITY LOANS</b>	R				R	R	R	R
DBSA	No info	15.45%	10909	30/09/2020	4,939,340	-	138,452	4,800,888
DBSA	No info	15.45%	10908	30/09/2019	644,842	-	27,345	617,497
DBSA	No info	15.45%	13708	31/03/2022	16,900,780		(368,297)	17,269,077
<b>Total Annuity Loans</b>	-				<b>22,484,962</b>	-	<b>(202,500)</b>	<b>22,687,462</b>
<b>TOTAL EXTERNAL LOANS</b>	-				<b>22,484,962</b>	-	<b>(202,500)</b>	<b>22,687,462</b>

**APPENDIX B  
MUNICIPALITY**

**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

Description	Historical Cost				Revaluation			Cost / Revaluation			Accumulated Depreciation					Carrying Value	Assets Held for Sale
	Opening Balance	Correction of Prior Year Errors	Disposals		Closing Balance	Opening Balance	Additions	Closing Balance	Opening Balance	Correction of Prior Year Errors	Additions	Disposals	Closing Balance				
			R	R										R	R		
COMMUNITY Establishment of Parks and Gardens Sportsfields Community Halls Libraries Recreational facilities Clinics Museums and Art Galleries Other Community	988,045	(131,409)	-	2,562,373	2,562,373	R	R	-	2,562,373	(163,365)	(459,132)	(39,952)	-	(662,449)	1,899,925	R	
	10,906,970	(409,283)	-	10,497,687	10,497,687	-	-	-	10,497,687	(4,188,719)	(3,439,600)	(419,908)	-	(8,049,227)	2,449,460	-	
	2,341,997	1,929,510	-	4,271,507	4,271,507	-	-	-	4,271,507	(308,018)	(2,795,944)	(170,860)	-	(996,685)	-	-	
	1,523,264	1,805,151	-	6,646,234	6,646,234	-	-	-	6,646,234	(94,133)	(2,324,515)	(144,196)	-	(2,562,844)	4,083,390	-	
	47,973	13,515,871	-	13,563,844	13,563,844	-	-	-	13,563,844	(610)	(9,838,384)	(542,554)	-	(10,381,548)	3,182,296	-	
	161,554	155,900	-	317,454	317,454	-	-	-	317,454	(35,256)	(213,416)	(12,698)	-	(261,371)	56,084	-	
	912,768	912,768	-	962,768	962,768	-	-	-	962,768	(667,519)	(38,511)	(77,434)	-	(1,029,030)	178,913	-	
	7,763,501	(6,555,527)	-	1,207,973	1,207,973	-	-	-	1,207,973	(1,315,343)	363,717	(17,454)	-	(1,029,030)	278,913	-	
	23,783,304	11,222,979	-	40,029,840	40,029,840	-	-	-	40,029,840	(6,105,444)	(19,374,794)	(1,446,112)	-	(26,926,350)	13,103,491	-	
	98,953,934	9,713,085	23,043,982	131,711,001	131,711,001	-	-	-	131,711,001	(17,618,334)	(48,485,317)	(2,424,242)	-	(68,527,893)	63,183,109	-	
25,776,783	1,817,295	10,043,840	37,637,918	37,637,918	-	-	-	37,637,918	(3,898,144)	(10,351,803)	(762,157)	-	(15,012,104)	22,625,814	-		
535,484	420,702	-	956,186	956,186	-	-	-	956,186	(229,849)	(455,417)	(63,746)	-	(749,012)	207,174	-		
139,356,571	3,022,696	10,440,389	(993,045)	151,826,610	151,826,610	-	-	-	151,826,610	(19,693,398)	(75,023,503)	(2,507,241)	(910,291)	(98,134,432)	53,692,178	-	
58,381,547	17,157,443	7,578,710	83,117,700	83,117,700	-	-	-	-	83,117,700	(6,239,190)	(30,786,382)	(1,965,229)	-	(40,990,800)	42,126,899	-	
1,438,221	615,203	-	2,053,424	2,053,424	-	-	-	-	2,053,424	(303,610)	(885,907)	(51,336)	-	(1,240,852)	812,572	-	
9,987,118	12,508,786	(299,256)	12,508,786	12,508,786	-	-	-	-	12,508,786	(3,496,225)	(8,247,478)	(530,828)	(284,769)	(8,311,822)	8,623,904	-	
6,044,756	6,565,302	11,400	12,621,458	12,621,458	-	-	-	-	12,621,458	(390,885)	(8,247,478)	(504,466)	-	(8,123,897)	4,497,561	-	
332,914,089	49,298,843	51,512,452	(1,292,301)	432,433,084	432,433,084	-	-	-	432,860,024	(53,859,634)	(174,235,806)	(7,800,312)	(1,195,060)	(237,090,813)	195,769,211	-	
801,938	3,486	-	805,425	805,425	-	-	-	-	805,425	-	-	-	-	-	805,425	-	
801,938	3,486	-	805,425	805,425	-	-	-	-	805,425	-	-	-	-	-	805,425	-	
1,413,962	(959,744)	-	454,218	454,218	-	-	-	-	454,218	(308,441)	(6,483)	(18,169)	-	(333,093)	121,125	-	
1,413,962	(959,744)	-	454,218	454,218	-	-	-	-	454,218	(308,442)	(6,483)	(18,169)	-	(333,093)	121,125	-	
28,111,866	(7,175,903)	7,027,772	(766,514)	27,197,220	27,197,220	-	-	-	27,197,220	(12,232,823)	6,827,853	(3,558,863)	(173,016)	(9,136,849)	18,060,371	-	
30,574,415	(18,508,525)	14,029,134	(142,782)	25,952,243	25,952,243	-	-	-	25,952,243	(6,725,908)	2,062,231	(2,584,721)	(27,514)	(7,275,912)	18,676,331	-	
30,251,916	(15,365,357)	1,131,764	-	16,018,323	16,018,323	-	-	-	16,018,323	(21,790,834)	19,986,441	(3,582,440)	-	(5,386,833)	10,631,490	-	
4,590	(4,590)	-	-	-	-	-	-	-	-	(1,071)	1,071	-	-	-	-	-	
2,276,626	1,563,296	963,930	-	4,803,853	4,803,853	-	-	-	4,803,853	(1,711,696)	1,501,196	(1,255,635)	-	(1,466,134)	3,337,719	-	
8,109,576	(8,109,576)	-	-	-	-	-	-	-	-	(4,440,001)	4,440,001	-	-	-	-	-	
99,329,989	(47,600,655)	23,152,600	(909,286)	73,971,638	73,971,638	-	-	-	73,971,638	(46,440,333)	34,818,793	(10,981,659)	(200,529)	(23,265,728)	50,705,910	-	
5,707,511	(5,707,511)	-	-	-	-	-	-	-	-	(1,309,930)	1,309,930	-	-	-	-	-	
46,642,031	(46,642,031)	-	-	-	-	-	-	-	-	(12,567,551)	12,567,551	-	-	-	-	-	
Other Land & Buildings	3,436,783	3,436,783	-	484,850,300	484,850,300	-	-	-	484,850,300	-	-	-	-	-	484,850,300	9,097,000	
Buildings	31,462,797	31,462,797	-	31,593,512	31,593,512	-	-	-	31,593,512	(1,452,824)	(17,115,353)	(1,452,824)	-	(18,668,177)	13,015,335	-	
52,349,542	(17,449,963)	120,716	-	35,020,295	35,020,295	-	-	-	35,020,295	(13,877,482)	(3,213,871)	(1,452,824)	-	(18,668,177)	9,097,000	-	
510,591,825	(5,485,053)	79,809,325	(2,201,597)	582,714,500	582,714,500	-	-	-	1,064,554,957	(121,053,335)	(162,036,162)	(21,699,075)	(1,395,590)	(306,184,160)	758,370,797	9,097,000	

**TLOKWE**

**ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2010**

Description	Historical Cost				Revaluation			Cost / Revaluation			Accumulated Depreciation				Carrying Value	Assets Held for Sale
	Opening Balance	Correction of Prior Year	Additions	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R			
Investment Properties	24,420,000	-	-	-	24,420,000	24,420,000	-	-	#REF!	-	-	-	-	R	-	
	24,420,000	-	-	-	24,420,000	24,420,000	-	-	#REF!	-	-	-	-	-	-	

**MUNICIPALITY**

**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2010**

Description	Historical Cost				Revaluation			Cost / Revaluation			Accumulated Depreciation				Carrying Value	Assets Held for Sale
	Opening Balance	Correction of Prior Year Errors	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	Opening Balance	Correction of Prior Year Errors	Additions	Disposals	Closing Balance			
Intangible Assets Computer Software Service and Operating Rights & Other Valuation Roll	R		R	R	R	R	R	R	R	R	R	R	R	R		
	-	2,207,240	-	-	2,207,240	2,207,240	-	#REF!	-	(2,207,240)	-	-	-	(2,207,240)	#REF!	
	-	1,529,012	-	-	1,529,012	1,529,012	-	#REF!	-	(1,378,934)	(37,642)	-	-	(1,416,576)	#REF!	
	1,748,800	-	-	(1,748,800)	-	-	-	-	(525,360)	146,453	-	(378,907)	-	-	-	
	1,748,800	3,736,253	-	(1,748,800)	3,736,253	3,736,253	-	#REF!	-	(525,360)	(3,439,722)	(37,642)	(378,907)	(3,623,817)	#REF!	-
Total Fixed Asset Register																
	536,760,625	(1,748,800)	79,809,325	(3,950,397)	610,870,753	610,870,753	481,840,457	-	1,092,711,210	(121,578,695)	(165,475,883)	(21,736,717)	(1,774,497)	(309,807,977)	#REF!	9,097,000

**APPENDIX C**  
**TLOKWE CITY COUNCIL**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2010**

	Opening Balance	Additions	Disposals / Transfers	Closing Balance	Accumulated Depreciation				Carrying Value	Budget Additions 2009/2010
					Opening Balance	Additions	Disposals / Transfers	Closing Balance		
Executive and Council	2,650,769	167,010	766,514	2,051,264	320,460	499,400	173,016	992,876	1,058,388	2,885,700
Finance and Administration	17,686,489	18,852,561	142,782	36,396,267	5,944,778	3,707,824	27,514	9,680,116	26,716,151	1,227,771
Planning and Development	522,041,139	186,306	-	522,227,445	18,827,803	2,429,194	-	21,256,998	500,970,447	70,000
Health	7,305,941	-	-	7,305,941	4,929,922	319,334	-	5,249,256	2,056,684	-
Community and Social Services	12,991,509	6,248,594	-	19,240,103	6,933,534	1,255,939	-	8,189,473	11,050,630	5,850,543
Housing	5,999,664	14,073	-	6,013,737	3,554,550	486,812	-	4,041,362	1,972,375	103,855
Public Safety	7,251,605	31,840	-	7,283,444	941,512	1,406,298	-	2,347,810	4,935,635	7,007,610
Sport and Recreation	26,849,761	1,716,732	-	28,566,493	18,563,025	1,352,661	-	19,915,686	8,650,807	26,686,258
Environmental Protection	534,022	-	-	534,022	122,794	111,891	-	234,685	299,336	-
Waste Management	89,116,186	7,972,841	299,256	96,789,771	42,946,156	2,210,253	284,769	45,441,178	51,348,593	41,778,192
Road Transport	112,519,742	23,043,982	-	135,563,724	66,760,775	2,987,198	-	69,747,973	65,815,751	11,978,974
Water	28,405,346	10,963,358	-	39,368,704	14,818,341	811,348	-	15,629,689	23,739,015	5,554,138
Electricity	150,697,551	10,607,838	993,045	160,312,343	98,044,866	3,482,366	910,291	102,437,523	57,874,820	37,565,642
Other	2,897,508	4,190	-	2,901,698	380,979	638,557	-	1,019,536	1,882,163	-
<b>TOTAL</b>	<b>986,947,229</b>	<b>79,809,325</b>	<b>2,201,597</b>	<b>1,064,554,957</b>	<b>283,089,497</b>	<b>21,699,075</b>	<b>1,395,590</b>	<b>306,184,162</b>	<b>758,370,795</b>	<b>140,708,683</b>

**APPENDIX D**  
**TLOKWE CITY COUNCIL**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

2009 Actual Income	2009 Budgeted Income	2009 Actual Expenditure	2009 Budgeted Expenditure	2009 Surplus/ (Deficit)	Description	Vote No	2010 Actual Income	2010 Budgeted Income	2010 Actual Expenditure	2010 Budgeted Expenditure	2010 Surplus/ (Deficit)
414,016	1,401,200	(43,561,531)	(43,153,514)	(43,147,515)	<b>Executive and council</b>		156,431	2,651,200	(61,949,350)	(61,223,047)	(61,792,919)
155	1,200	(16,549,323)	(16,903,135)	(16,549,168)	GENERAL EXPENSES OF THE COUNCIL	10.00	-	1,200	(23,140,146)	(24,608,966)	(23,140,146)
-	-	(1,678,895)	(1,704,206)	(1,678,895)	OFFICE OF THE SPEAKER	15.00	-	-	(1,958,996)	(2,113,808)	(1,958,996)
-	-	(8,108,166)	(7,763,359)	(8,108,166)	EXECUTIVE MAYOR	17.00	-	-	(14,949,334)	(12,383,752)	(14,949,334)
-	-	(1,954,420)	(1,968,201)	(1,954,420)	STRATEGIC MANAGEMENT	18.00	-	-	(995,428)	(1,043,953)	(995,428)
413,861	-	(2,472,007)	(1,925,925)	(2,058,146)	COMMUNICATION	46.00	156,431	-	(2,611,681)	(2,551,063)	(2,455,250)
-	-	(5,352,430)	(5,379,990)	(5,352,430)	SPEAKER ADMINISTRATION	54.00	-	-	(7,360,913)	(7,400,176)	(7,360,913)
-	1,400,000	(6,368,256)	(6,479,154)	(6,368,256)	MUNICIPAL MANAGER	55.00	-	2,650,000	(9,556,963)	(9,655,411)	(9,556,963)
-	-	(1,078,034)	(1,029,544)	(1,078,034)	OFFICE OF THE COUNCIL WHIP	97.00	-	-	(1,375,888)	(1,465,918)	(1,375,888)
174,158,755	134,495,548	(120,608,776)	(92,491,766)	53,549,979	<b>Finance and Administration</b>		190,524,574	158,033,168	(122,094,916)	(100,242,160)	68,429,658
-	-	(1,249,803)	(1,326,326)	(1,249,803)	DONATIONS	19.00	-	-	(404,579)	(426,700)	(404,579)
-	-	(8,942)	(299,550)	(8,942)	OCCUPATIONAL HEALTH & SAFETY	21.00	-	-	1,204	(183,157)	1,204
267,670	35,000	(267,670)	(215,990)	-	HOUSING-SE:KEMERING(36FLATS)	50.00	69,107	217,891	(287,409)	(317,891)	(218,302)
120,516	58,862	(120,516)	(75,830)	-	HOUSING-SE:HARMONIE(26FLATS)	60.00	54,492	71,847	(106,214)	(117,347)	(51,722)
70,673	41,074	(70,673)	(57,414)	-	HOUSING-SE:IMMERGROEN(20FLATS)	70.00	39,970	55,197	(53,026)	(90,797)	(13,056)
213,548	141,436	(213,548)	(159,496)	-	HOUSING-SE:JUTKOM'S(69FLATS)/CH	75.00	174,850	148,485	(232,557)	(270,085)	(57,707)
-	-	(2,667,995)	(2,881,498)	(2,667,995)	SECURITY	99.00	-	-	(3,009,153)	(3,229,733)	(3,009,153)
442,944	200,000	(199,998)	(267,699)	242,946	TOWN LANDS	150.00	435,024	207,000	(302,555)	(378,957)	132,469
72,763,076	68,985,326	-	-	72,763,076	ASSESSMENT RATES	170.00	73,776,606	77,464,960	(167,632)	(167,632)	73,608,974
-	-	(222,785)	(223,000)	(222,785)	GRANTS-IN-AID AND DONATIONS	230.00	-	-	(214,529)	(225,000)	(214,529)
172,132	250,000	(172,132)	(183,158)	-	IKAGENG FLATS	233.00	306,638	183,500	(228,591)	(262,597)	78,047
9,000	250	(1,592,458)	(1,640,091)	(1,583,458)	ASSET MANAGEMENT	250.00	1,800	-	(3,232,794)	(2,206,282)	(3,230,994)
562,524	200,000	(9,960,047)	(9,760,373)	(9,397,524)	HUMAN RESOURCES	290.00	661,468	180,000	(3,979,536)	(3,820,034)	(3,318,068)
-	250,000	(1,013,088)	(1,072,503)	(1,013,088)	EMPLOYMENT EQUITY & SKILLS DEVELOPMENT	316.00	-	-	(1,585,357)	(1,620,558)	(1,585,357)
-	-	(377,065)	(409,731)	(377,065)	LABOUR RELATIONS UNIT	317.00	-	-	(449,086)	(464,134)	(449,086)
-	-	(10,199)	(10,908)	(10,199)	RESEARCH:GY,D,A & C	318.00	-	-	(12,110)	(39,176)	(12,110)
-	2,000	(1,082,063)	(1,419,965)	(1,082,063)	CORPORATE SERVICES ADMINISTRATION	319.00	-	-	(2,064,888)	(2,111,881)	(2,064,888)
-	-	(2,095,351)	(2,516,401)	(2,095,351)	CLEANING SERVICES	321.00	-	-	(708,741)	(1,122,091)	(708,741)
-	-	(783,361)	(932,786)	(783,361)	PRINTING DEPT	545.00	-	-	(1,014,617)	(1,034,897)	(1,014,617)
94,129,507	63,761,000	(22,780,695)	(22,384,086)	71,348,812	FINANCE	560.00	112,865,184	78,703,688	(48,268,020)	(48,468,042)	64,597,164
-	-	(1,820,142)	(1,780,826)	(1,820,142)	GOVERNANCE	561.00	-	-	(2,123,423)	(2,110,278)	(2,123,423)
-	-	(1,080,772)	(1,092,900)	(1,080,772)	BUDGET MANAGEMENT	562.00	-	-	(16,618,974)	(1,130,130)	(16,618,974)
5,360,095	500,000	(56,142,203)	(28,005,614)	(50,782,108)	FINANCIAL MANAGEMENT	563.00	1,714,409	750,000	(16,885,346)	(7,667,296)	(15,170,937)
-	-	(6,071,673)	(5,855,489)	(6,071,673)	REVENUE MANAGEMENT	564.00	363,675	-	(6,722,942)	(6,877,702)	(6,359,266)
-	-	(4,068,504)	(4,622,564)	(4,068,504)	COMPUTER SERVICES	565.00	-	-	(7,887,067)	(9,096,647)	(7,887,067)
-	-	(3,091,602)	(3,137,594)	(3,091,602)	TELEPHONE EXCHANGE	590.00	-	-	(3,767,379)	(3,973,183)	(3,767,379)
-	-	(3,178,280)	(1,780,373)	(3,178,280)	VALUATION SERVICES	620.00	219	-	(2,117,717)	(2,226,512)	(2,117,497)
-	-	-	-	-	PROMOSA: HOUSE ECON SCH 1	940.00	-	-	-	-	-
61	300	(61)	(300)	-	PROMOSA: E.L.S SCHEME 2(6HOUSE	950.00	189	300	(61)	(360)	129
499	1,500	(499)	(1,500)	-	PROMOSA: E.L.S SCHEME7(30HOUSE	985.00	1,712	1,500	(529)	(600)	1,183
23,841	30,000	(23,841)	(27,000)	-	PROMOSA: SUB ECO SCH 1+2(378H)	990.00	33,905	30,000	(28,680)	(27,696)	5,225
789	1,000	(789)	(1,000)	-	PROMOSA: SUB ECO SCH3 (19 H)	1,000.00	675	1,000	(166)	(200)	509
1,416	2,800	(1,416)	(2,800)	-	PROMOSA: SUB ECO SCH4 (53HOUSE	1,010.00	2,078	2,800	(477)	(500)	1,601
256	1,000	(256)	(1,000)	-	PROMOSA: SUB ECO SCH 5 (75 HOU	1,020.00	1,776	1,000	(747)	(774)	1,029
4,777	6,000	(4,777)	(6,000)	-	PROMOSA: E.L.S. SCHEME 8 (51H)	1,021.00	5,275	6,000	(976)	(984)	4,298
15,431	8,000	(15,431)	(8,000)	-	PROMOSA: E.L.S.SCH9(10 FLATS)	1,022.00	15,521	8,000	(15,711)	(15,909)	(190)
-	20,000	(220,142)	(332,001)	(220,142)	EMPLOYEE ASSISTANCE PROGRAMME	1,350.00	-	-	395,469	(556,398)	395,469
7,931,628	1,962,400	(14,614,777)	(13,531,361)	(6,683,148)	<b>Planning and development</b>		37,222,303	5,223,972	(17,355,348)	(20,147,620)	19,866,955
557,964	480,000	(2,815,004)	(2,583,767)	(2,257,040)	LAND DEVELOPMENT AND PROPERTY RIGHTS	165.00	556,443	315,000	(2,325,642)	(3,403,396)	(1,769,199)

**APPENDIX D**  
**TLOKWE CITY COUNCIL**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

1,192,519	828,400	(3,699,790)	(3,878,104)	(2,507,272)	LAND USE MANAGEMENT	320.00	185,424	3,211,000	(5,677,862)	(6,171,748)	(5,492,438)
5,160,713	400,000	(4,219,669)	(4,239,018)	(2,507,272)	CIVIL ENG. DESIGN OFFICE	330.00	35,475,288	1,127,542	(5,373,237)	(5,946,429)	30,102,051
1,020,432	254,000	(3,880,314)	(2,830,472)	(2,859,881)	ECONOMIC DEVELOPMENT	465.00	399,764	265,430	(3,871,128)	(3,868,759)	(3,471,364)
-	-	-	-	-	BUILDING CONTROL SECTION	1,023.00	605,383	305,000	(107,478)	(757,288)	497,905
3,491,113	2,862,831	(8,898,480)	(9,580,347)	(5,407,367)	<b>Health</b>	678,823	-	-	(6,799,335)	(6,904,783)	(6,120,512)
268,785	-	3,029,176	3,036,420	2,760,391	I HEALTH ADMINISTRATION	018	449,272	-	2,069,515	2,056,073	1,620,243
3,222,218	-	(2,268,163)	(2,316,555)	954,056	ENVIRONMENTAL HEALTH	186.00	229,552	-	(1,877,796)	(1,888,292)	(1,648,244)
-	270,532	(512,552)	(275,351)	(512,552)	POTCH CLINIC	190.00	-	-	(222,513)	(235,183)	(222,513)
-	405,483	(176,089)	(407,137)	(176,089)	TOP CITY CLINIC	195.00	-	-	(146,779)	(132,919)	(146,779)
-	-	(370,862)	(389,860)	(370,862)	PEST CONTROL	200.00	-	-	(284,018)	(326,589)	(284,018)
-	977,065	(843,438)	(950,071)	(843,438)	LESEGO CLINIC	205.00	-	-	(864,894)	(874,958)	(864,894)
110	-	(609,847)	(670,173)	(609,737)	REST ROOMS	210.00	-	-	(664,170)	(728,382)	(664,170)
-	523,850	(509,437)	(558,606)	(509,437)	PROMOSA CLINIC	215.00	-	-	(345,595)	(329,889)	(345,595)
-	-	(4,977)	(13,215)	(4,977)	OCCUPATIONAL HEALTH & SAFETY	217.00	-	-	-	-	-
-	129,123	(3,048)	(128,682)	(3,048)	STEVE TSWETE CLINIC	218.00	-	-	(959)	(958)	(959)
-	-	(22,627)	(170,303)	(22,627)	HOME BASED CARE	219.00	-	-	(480)	(480)	(480)
-	82,635	(139,882)	(144,344)	(139,882)	BOIKI TLHAPI CLINIC	220.00	-	-	(119,685)	(115,454)	(119,685)
-	474,143	(408,382)	(519,630)	(408,382)	MOHADIN CLINIC	225.00	-	-	(202,931)	(215,606)	(202,931)
-	-	-	-	-	GATEWAY CLINIC	226.00	-	-	-	-	-
-	-	-	-	-	EXTENSION 11 CLINIC	227.00	-	-	-	-	-
-	-	-	-	-	MATLWANG CLINIC	228.00	-	-	-	-	-
1,443,044	911,327	(16,381,249)	(16,674,516)	(14,938,205)	<b>Community and social services</b>	4,702,060	-	1,170,275	(20,553,584)	(25,605,724)	(15,851,524)
283,284	288,300	(1,440,739)	(1,523,327)	(1,157,455)	CEMETERY	30.00	431,627	398,391	(1,885,583)	(1,981,796)	(1,453,956)
396,743	358,200	(3,376)	(3,798)	393,367	PROMOSA	35.00	438,235	370,737	(15,691)	(15,989)	422,544
1,057	3,800	(615)	(1,213)	442	CEMETERY MOHADIN	40.00	-	3,933	(7,619)	(7,619)	(7,643)
18,843	25,300	(949,586)	(963,242)	(930,743)	CEMETERY IKAGENG	45.00	22,061	26,186	(1,084,835)	(1,148,389)	(1,062,774)
-	-	(29,503)	(41,515)	(29,503)	CEMETERY REGIONAL	47.00	-	-	(37,867)	(50,138)	(37,867)
403,967	29,630	(3,788,036)	(3,836,306)	(3,384,068)	LIBRARY	80.00	3,503,097	122,986	(4,745,356)	(4,932,426)	(1,242,259)
1,699	1,112	(482,715)	(521,178)	(481,016)	LIBRARY KANONNIERSPARK	81.00	2,923	1,139	(534,104)	(550,222)	(531,181)
7,216	2,900	(143,106)	(145,302)	(135,890)	LIBRARY MOHADIN	82.00	12,538	2,900	(141,178)	(179,307)	(128,641)
7,158	3,300	(406,837)	(403,883)	(399,679)	LIBRARY PROMOSA	85.00	10,065	3,447	(468,789)	(480,582)	(458,725)
32,195	20,000	(661,145)	(667,718)	(628,950)	LIBRARY IKAGENG	87.00	40,316	20,700	(846,303)	(861,747)	(805,987)
-	895	(524,140)	(540,939)	(524,140)	LIBRARY IPELENG	88.00	-	926	(424,110)	(513,977)	(424,110)
111,507	116,230	(1,167,204)	(1,165,309)	(1,055,697)	CIVIC CENTRE	155.00	64,113	116,250	(1,357,609)	(1,416,649)	(1,293,496)
80,877	54,700	(674,259)	(687,163)	(593,382)	COMMUNITY CENTRES	160.00	87,368	54,700	(732,479)	(781,006)	(645,111)
6,016	3,000	(125)	(2,540)	5,891	LAPA	235.00	9,018	4,000	(9,559)	(19,266)	(541)
-	-	(727,139)	(756,278)	(727,139)	DAN TLOOME COMPLEX	270.00	-	-	(1,023,821)	(1,828,993)	(1,023,821)
60,243	260	(2,620,077)	(2,633,027)	(2,559,834)	CULTURE PROMOTION	280.00	41,021	280	(3,045,590)	(3,088,159)	(3,004,569)
28,339	3,700	(921,247)	(929,559)	(892,908)	CITY HALL, BOARD ROOM AND OFFICES	530.00	23,178	43,700	(842,674)	(946,671)	(819,497)
3,900	-	(1,841,402)	(1,852,219)	(1,837,502)	COMMUNITY SERVICES ADMINISTRATION	555.00	16,500	-	(3,350,390)	(6,802,788)	(3,333,890)
-	-	(3,486,674)	(2,728,466)	(3,486,674)	<b>Housing</b>	-	-	-	(3,823,573)	(3,890,406)	(3,823,573)
-	-	(3,486,674)	(2,728,466)	(3,486,674)	HOUSING SUPPORT	275.00	-	-	(3,823,573)	(3,890,406)	(3,823,573)
12,876,165	6,509,240	(25,901,298)	(26,663,612)	(13,025,132)	<b>Public Safety</b>	18,787,443	-	12,484,100	(34,123,452)	(35,347,193)	(15,336,009)
-	-	(3,032,813)	(3,308,291)	(3,032,813)	PUBLIC SAFETY ADMINISTRATION	-	-	-	(4,127,185)	(4,413,578)	(4,127,185)
(658)	42,540	(7,989,582)	(8,063,207)	(7,990,239)	FIRE BRIGADE	20.00	306,497	22,000	(10,499,183)	(11,014,018)	(10,192,686)
307,593	220,500	(650,579)	(833,511)	(342,986)	FIRE EMERGENCY TRAINING	95.00	475,184	220,500	(425,062)	(528,153)	50,122
-	-	(407,082)	(490,196)	(407,082)	FIRE SAFETY	98.00	-	-	(477,784)	(589,039)	(477,784)
-	-	(1,716,934)	(1,857,899)	(1,716,934)	DISASTER MANAGEMENT	110.00	-	-	(1,692,032)	(1,928,627)	(1,692,032)
20,139	36,600	(62,021)	(62,310)	(41,882)	PARKING	390.00	25,013	31,600	(10,830)	(11,104)	14,183
12,549,091	6,209,600	(9,933,365)	(9,671,057)	2,615,726	TRAFFIC DEPARTMENT	610.00	17,980,148	12,210,000	(14,639,540)	(14,163,175)	3,340,608
-	-	(393,685)	(399,198)	(393,685)	LEGAL COMPLIANCE OFFICE	612.00	-	-	(462,355)	(600,232)	(462,355)





**APPENDIX D**  
**TLOKWE CITY COUNCIL**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

51,487,590	49,820,027	-	51,487,590	CIVIL ENG: WATER INCOME	770.00	63,790,894	56,042,194	-	-	63,790,894
224,705,949	212,849,346	(150,572,173)	74,133,776	<b>Electricity</b>		297,475,308	274,970,878	(200,380,178)	(193,251,588)	97,095,130
-	-	(3,050,429)	(3,050,429)	ELECTRICITY: STREET LIGHTING	570.00	-	-	(4,100,172)	(4,205,945)	(4,100,172)
-	-	(119,294,982)	(119,294,982)	ELECTRICITY: PURCHASES (URBAN)	660.00	-	-	(160,413,338)	(152,659,403)	(160,413,338)
-	-	-	-	ELECTRICITY: SUSPENSE	665.00	-	-	-	-	-
10,852,084	850,000	(18,660,010)	(19,484,222)	ELECTRICITY: DISTRIBUTION	670.00	3,042,711	918,000	(24,391,093)	(24,249,381)	(21,348,382)
2,362,260	653,800	(5,399,325)	(5,220,292)	ELECTRICITY: MANAGEMENT	680.00	1,467,236	1,472,915	(6,064,490)	(6,273,484)	(4,597,254)
-	-	(318,192)	(318,192)	ELECTRICITY: READING OF METERS	690.00	-	-	(578,534)	(824,550)	(578,534)
10,745,555	11,938,517	(3,017,526)	(4,052,995)	ELECTRICITY: RURAL	700.00	14,383,828	14,232,830	(2,993,696)	(3,115,431)	11,390,132
18,019	49,350	(831,710)	(1,039,130)	ELECTRICITY: TRADING SERVICES	710.00	16,896	53,298	(700,534)	(785,072)	(683,638)
200,728,030	199,357,679	-	200,728,030	ELECTRICITY: INCOME (URBAN)	720.00	278,564,637	258,293,835	(1,138,322)	(1,138,322)	277,426,315
-	-	-	-	Other	-	-	-	-	-	-
-	-	-	-		-	-	-	-	-	-
541,007,539	462,649,622	(502,448,397)	38,559,142	Sub-Total		678,920,172	569,301,053	(627,258,647)	(595,781,379)	51,661,526
-	-	3,698,484	3,698,484	Less: Inter-departmental Charges		-	-	25,077,444	26,489,295	25,077,444
541,007,539	462,649,622	(498,749,913)	42,257,626	Total		678,920,172	569,301,053	(602,181,203)	(569,292,084)	76,738,970
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

**APPENDIX E(1)**  
**TLOKWE CITY COUNCIL**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010**

Description	2009/2010 Actual	2009/2010 Budget	2009/2010 Variance	2009/2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	73,776,606	77,464,960	(3,688,354)	(5.00)	Due to increase in electricity consumption
Service Charges	440,479,109	379,680,644	60,798,465	13.80	Occupancy increased / Price of rent increased by a small percentage
Rental of Facilities and Equipment	4,138,919	3,898,626	240,293	5.81	Budget calculation was less than actually received
Interest Earned - External Investments	9,366,552	6,400,000	2,966,552	31.67	
Interest Earned - Outstanding debtors	16,214,287	17,000,000	(785,713)	(4.85)	
Fines	17,816,579	12,072,867	5,743,712	32.24	Increase in camera fines collection
Licences and Permits	4,693,632	2,530,000	2,163,632	46.10	Difficult to budget income from licensing and permits
Income for Agency Services	118,155	261,250	(143,095)	(121.11)	Decrease in income from agency and services
Government Grants and Subsidies	98,800,837	61,216,230	37,584,607	38.04	Variance due to Grant income being realised through statement of financial performance
Other Income	13,515,237	8,858,476	4,656,761	34.46	Second SARS payment not budgeted for
Income foregone	260	(82,000)	82,260	31,638.46	Decrease in income foregone due to premises not given free of charge
<b>Total Revenue</b>	<b>678,920,172</b>	<b>569,301,053</b>	<b>109,619,119</b>	<b>19.26</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	194,519,679	181,084,467	13,435,212	6.91	
Remuneration of Councillors	10,677,958	10,916,249	(238,291)	(2.23)	
Depreciation	21,736,717	26,688,076	(4,951,359)	(22.78)	Unbundling of assets increased the depreciation calculation
Impairment Losses	13,656,504	4,000,000	9,656,504	70.71	More debtors were written off as budgeted for
Repairs and Maintenance	37,776,863	45,624,212	(7,847,349)	(20.77)	Underspending on maintenance of assets
Interest Paid	4,809,013	5,606,500	(797,487)	(16.58)	DBSA loan not taken during financial year
Bulk Purchases	166,263,376	166,771,626	(508,250)	(0.31)	
Contracted Services	39,303,129	42,221,747	(2,918,618)	(7.43)	
Grants and Subsidies Paid	24,977,585	21,334,438	3,643,147	14.59	Variance due to Grant expenditure being realised through statement of financial performance
General Expenses	88,460,379	65,044,769	23,415,610	26.47	
<b>Total Expenditure</b>	<b>602,181,203</b>	<b>569,292,084</b>	<b>32,889,119</b>		
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>76,738,970</b>	<b>8,969</b>	<b>76,730,001</b>		

**APPENDIX E(2)**  
**TLOKWE CITY COUNCIL**  
**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010**

Description	2009/2010		2009/2010		2009/2010		2009/2010		2009/2010		Explanation of Significant Variances greater than 5% versus Budget
	Actual	Total Additions	Budget	Variance	R	R	R	R	Variance	%	
Executive and Council	167,010	167,010	2,885,700	(2,718,690)	(2,718,690)				(94.21)		Inventory items converted to capital items
Finance and Administration	18,852,561	18,852,561	1,227,771	17,624,790	17,624,790				1,435.51		Supply chain process not completed
Planning and Development	186,306	186,306	70,000	116,306	116,306				166.15		Land was revalued.
Health	-	-	-	-	-				100.00		
Community and Social Services	6,248,594	6,248,594	5,850,543	398,051	398,051				6.80		Library project not completed
Housing	14,073	14,073	103,855	(89,782)	(89,782)				(86.45)		
Public safety	31,840	31,840	7,007,610	(6,975,770)	(6,975,770)				(99.55)		
Sport and Recreation	1,716,732	1,716,732	26,686,258	(24,969,526)	(24,969,526)				(93.57)		Airport not council asset but budgeted for under capital
Waste management	7,972,841	7,972,841	41,778,192	(33,805,351)	(33,805,351)				(80.92)		Asset project movements
Road Transport	23,043,982	23,043,982	11,978,974	11,065,008	11,065,008				92.37		Asset project movements
Water	10,963,358	10,963,358	5,554,138	5,409,220	5,409,220				97.39		Asset project movements
Electricity	10,607,838	10,607,838	37,565,642	(26,957,804)	(26,957,804)				(71.76)		Supply chain process not completed
Other	4,190	4,190	-	4,190	4,190				100.00		Asset project movements
<b>Total</b>	<b>79,809,325</b>	<b>79,809,325</b>	<b>140,708,683</b>	<b>(60,899,358)</b>	<b>(60,899,358)</b>				<b>(43.28)</b>		

**APPENDIX F**  
**TLOKWE CITY COUNCIL**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed /Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		TOTAL	Sept	Dec	March	June	TOTAL	Sept	Dec	March	June	Sept	Dec			
SDR Dolomite Research Program	LDM	296,109	-	-	296,109	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Southern District Clean-up Campaign	LDM	-	-	-	-	-	964,409	632,099	332,311	-	-	N/A	N/A	N/A	Yes	N/A
Mohadin Library	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Public Transport Infrastructure	Province	-	-	-	-	-	600	600	-	-	-	N/A	N/A	N/A	Yes	N/A
Library	Province	400,000	-	400,000	-	-	3,376,586	-	-	1,383,198	1,993,388	N/A	N/A	N/A	Yes	N/A
Health Services	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	54,012,271	22,013,271	3,871,000	14,388,000	13,740,000	20,106,920	6,867,802	2,602,866	2,009,351	8,826,889	N/A	N/A	N/A	Yes	N/A
MIG	Nat Treasury	32,893,744	-	11,695,000	10,924,550	10,274,194	39,345,838	19,595,802	10,553,610	4,656,831	4,539,595	N/A	N/A	N/A	Yes	N/A
Fire and Emergency	Nat Treasury	-	-	-	-	-	299,147	61,389	49,094	13,013	175,651	N/A	N/A	N/A	Yes	N/A
Land Use Management	Province	203,806	-	-	-	203,806	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
LED Constitutional	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
LED Projects Promoting Culture	Province	5,103	-	3,500	-	1,603	31,210	26,619	2,263	2,328	-	N/A	N/A	N/A	Yes	N/A
LED Business Initiative	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
LED Tourism Initiative	Province	29,949	-	29,949	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
SETA	Nat Treasury	633,711	97,223	-	355,607	180,881	371,039	65,529	300	124,805	180,405	N/A	N/A	N/A	Yes	N/A
Promoting Culture	Province	14,915	-	-	14,915	-	41,021	26,619	13,678	724	-	N/A	N/A	N/A	Yes	N/A
Township History/ Jazz	Province	21,306	-	-	-	21,306	238,740	-	238,740	-	-	N/A	N/A	N/A	Yes	N/A
Education and Exchange	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
NER	Nat Treasury	1,000,000	-	-	-	1,000,000	2,095,492	-	-	1,876,277	219,215	N/A	N/A	N/A	Yes	N/A
Economic and Growth Development	Province	-	-	-	-	-	9,120	-	-	-	9,120	N/A	N/A	N/A	Yes	N/A
City Branding	Province	-	-	-	-	-	156,431	98,386	-	42,567	15,458	N/A	N/A	N/A	Yes	N/A
Main Library Extension	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Sports Facilities	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Lake Resort	Other	120,975	-	-	-	-	570,239	334,905	35,000	65,091	135,243	N/A	N/A	N/A	Yes	N/A
Lotto - Tshwaraganang	Other	-	-	-	-	-	95,299	-	-	-	95,299	N/A	N/A	N/A	Yes	N/A
Lotto - Mohadin Stadium	Other	-	-	-	-	-	234,967	-	-	234,967	-	N/A	N/A	N/A	Yes	N/A
Lotto - Ikageng Stadium	Other	-	-	-	-	-	79,578	-	-	79,578	-	N/A	N/A	N/A	Yes	N/A
Lotto - Promosa Stadium	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Ikageng Parks	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Sarafina Sport Facilities	Other	467,000	467,000	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Neighbourhood Participation	Other	-	-	-	-	-	-	-	-	-	-	2,750,000	2,750,000	Refer note below	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>90,098,889</b>	<b>22,577,494</b>	<b>15,999,449</b>	<b>25,979,181</b>	<b>25,542,766</b>	<b>68,016,636</b>	<b>27,509,772</b>	<b>13,827,852</b>	<b>10,438,748</b>	<b>16,190,263</b>	<b>2,750,000</b>	<b>2,750,000</b>			

**Note**

The reason why the Council was unable to obtain the money for the Neighbourhood Grant was that a project management consultancy could not be appointed to draw up a business plan to free the grant money

# TLOKWE CITY COUNCIL

## APPENDIX G

### GENERAL STATISTICS AS AT 30 JUNE 2010

<u>GENERAL STATISTICS</u>	<u>2010</u>	<u>2009</u>
<u>Population ( Estimate)</u>	250 000	224 040
<u>Registered voters</u>	86 741	86 741
<u>Valuations:</u>		
<u>Total valuation</u>		
Taxable Property	R 20 414 797 150	R 672 403 760
Non Taxable Property	R 1 234 298 900	R 180 147 250
<b>Total Property</b>	<b>R 21 649 096 050</b>	<b>R 852 551 010</b>
Residential	R 12 539 154 700	R 404 305 810
Commercial	R 2 178 513 000	R 119 554 700
Valuation Date	1 July 2009	1 Jan 2001
Number of Premises	44 428	38 249
<u>Employees:</u>		
Number of employees in service	1 030	1 010
<u>Electricity:</u>		
Units (kWh) purchased	467 221 332	451 733 320
Purchase cost per kWh	34.16c	27c
Units (kWh) sold	428 710 103	448 478 685
Units (kWh) lost with distribution	38 511 229	3 245 635
Percentage lost with distribution	8.24%	0.72%
Cost per unit sold	46.1700	33.57c
Income per unit sold	68.45c	46.56c
<u>Water:</u>		
kl purchased	13 362 577	13 182 074
Purchased cost per kiloliter	R 1.79	R 1.02
kl sold	12 745 307	12 599 870
kl lost with distribution	617 270	582 204
Percentage lost with distribution	4.62%	4.00%
Cost per kl sold	R 1.88	R 0.04
Income per kl sold	R 4.24	R 1.64